# FINANCIAL TIMES

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WORLD NEWS

## University cash boost planned

The Government plans to give UK universities an extra £180m over three years to help ward off criticism of its education policy in the run-up to the general election.

The University Grant Committee is expected to warn in the next few days that, without more funds, three or four institutions might close. Page 6

### Pym to leave Commons

Francis Pym, 64, ex-Foreign Secretary and champion of traditional Toryism, is to retire as MP at the next general election. Back page

### Chemical arms go-ahead

Nato ambassadors gave the go-ahead to the US to resume production of chemical weapons but approval was less than total. Back page

### Chernobyl toll 'up to 13'

American Dr Robert Gale, who has been treating Soviet victims of the Chernobyl disaster, indicated that the death toll has risen to 13. Unanswered questions, Page 3

### Kinnock N-power pledge

Neil Kinnock, speaking in Swansea, confirmed Labour's commitment to reduce UK dependence on nuclear power. Page 4

### S African priest held

South African police held Father Smangalisa Mkhatshwa, leader of the Southern African Catholic Bishops' Conference, on charges of illegal arms possession. ANC stance, Page 3

### BA traffic 'to fall 10%'

British Airways chief executive Colin Marshall, in the airlines' newspaper, predicted a 10 per cent fall in passengers this summer, mainly because of terrorism fears.

### Spanish pilots strike

Spanish pilots will strike today over a rest periods dispute with Iberia airline. Sixty per cent of its flights will operate under decreed minimum services.

### Canadians flee fires

Thousands of residents in Canada's four eastern provinces left their homes as efforts were stepped up to control forest fires.

### Snow cave survivors

Two teenagers were critically ill after their rescue from a snow cave on Mount Hood, Oregon. Nine of the climbing party, caught in a snowstorm on Monday, died.

### Settlers attacked

Tribesmen in the Chittagong Hill district of southern Bangladesh were reported to have killed 50 settlers and burned hundreds of homes.

### Less welcome

Switzerland said that only 1,800 foreign residents would be allowed to buy property there in 1987, compared with 2,000 this year.

### Seoul hotel blaze

Four people, including two Britons, were injured when fire swept the seventh floor of their hotel in Seoul, South Korea.

### Le Bon yacht for sale

Pop star Simon Le Bon is inviting bids for his yacht Drum which capsized last August and recently came third in a round-the-world race after a £100,000 refit.

### High-born

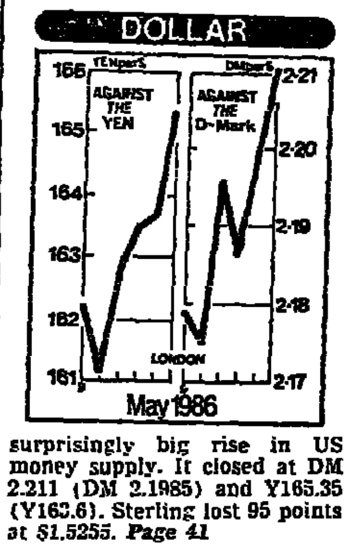
A baby boy was delivered after his mother went into labour on a British Airways flight from London to Manila. The aircraft was diverted to Bombay.

BUSINESS SUMMARY

## Brel set to shed 4,000 jobs

BRITISH RAIL Engineering (Brel) is expected to announce up to 4,000 more redundancies next week, which will cut its workforce to about 19,000, against 25,000 six years ago. The reductions reflect the continuing decline in repair and overhaul work for BR as modern rolling stock is introduced. Back Page

DOLLAR improved in London, with short covering prompted by Japanese and West German hints of central bank support for the US currency and by the




surprisingly big rise in US money supply. It closed at DM 2.211 (DM 2.1985) and Y165.35 (Y163.6). Sterling lost 95 points at $1.5255. Page 41

LONDON share prices fell in early trade, on Wall Street's overnight weakness, the fall in factory output and the Government's decline in opinion polls. The FT Ordinary index was 19.5 off at 10 am but recovered to close at 1,289.5, down 13.1 on the day and 40.8 on the week. Page 42

ROYAL ORDNANCE will be able to dispose of up to a quarter of its assets after privatisation before government agreement is required. Page 6

COMPANY DIRECTORS are confident that business prospects will improve, especially in the financial services sector, a survey shows. Page 6

NISSAN UK has set car sales targets for dealers above the import quota in the Anglo-Japanese "gentleman's agreement" but said the agreement would not be broken. Page 6

POST OFFICE staff in the Union of Communication Workers are to be ballotted on a strike after the PO pay offer was rejected. Page 8

US PRODUCER PRICES fell 0.6 per cent in April, the fourth consecutive monthly decline. Page 2

ITALY'S Cabinet agreed in principle to introduce a new currency unit worth 1,000 lire, but postponed approval of a draft law instituting it.

BELGIAN public-sector workers held their second 24-hour strike in two weeks against government austerity measures.

CADBURY SCHWEPPES, British confectionery and soft drinks group, plans to buy the Canada Dry and Sunkist soft drinks businesses of RJR Nabisco of the US. Back Page

NEWS International is considering a single-union for its Wapping plant. Page 8

BOOSEY & HAWKES, music publisher and intrument maker, recorded a pre-tax loss of £5.01m in 1985, against a £32,000 loss. Page 12

OLIVETTI, Italian computer and office equipment group, is joining Compagnie Financiere de Suez, French financial concern, to offer advanced communications services in the French market, soon to be deregulated. Back Page

C. H. TUNG: the Hong Kong shipping group's creditors got together to consider a financial reconstruction plan to avert bankruptcy. Page 13

# Lowest inflation rate since 1968 brightens week of setbacks

BY GEORGE GRAHAM

BRITAIN'S lowest inflation rate since 1968 carried a bright note for the Government yesterday after a week of setbacks on both the political and economic fronts.

The annual rate of inflation fell to 3 per cent in April, from 4.2 per cent the previous month, and 6.9 per cent in April 1985, according to the Department of Employment. A further fall is possible in coming months.

Mr Nigel Lawson, Chancellor of the Exchequer, greeted the announcement as heralding a decisive breakthrough below the 5 per cent inflation barrier and a return to the steadier price levels of the 1960s.

"We are well on our way to our ultimate objective of stable prices," he said yesterday.

The Government had previously come under fire during the week as news of heavy redundancies at British Shipbuilders and British Caledonian rubbed home the message of a continuing rise in unemployment.

Its confidence took a further jolt with the publication of a Gallup opinion poll showing the Conservatives in third place in popularity behind Labour and the SDP-Liberal Alliance.

The slower rise in the retail price index has been helped this year by cuts in mortgage rates, which most other countries do not include in their consumer price indices, and by falling petrol prices, which are now about 33p a gallon lower than a year ago.

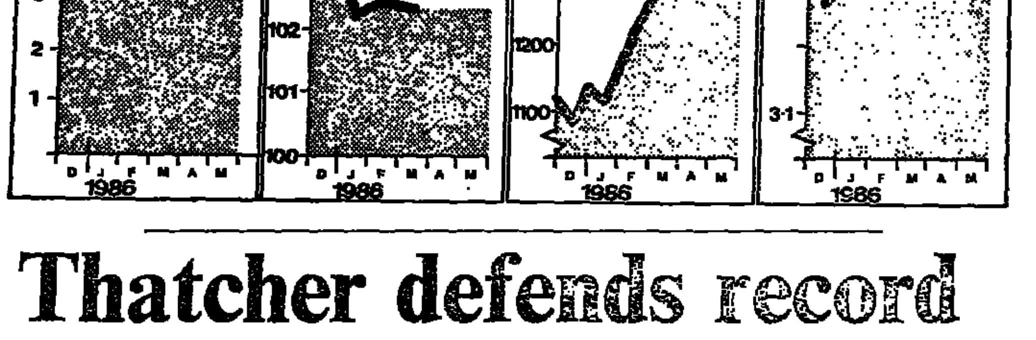
If mortgage rates are excluded from the index, the annual rate of inflation fell to 3.4 per cent in April from 4 per cent the previous month.

This is still lower than the rate of 3½ per cent forecast by the Treasury for the fourth quarter of this year, and it is felt in Whitehall that a significantly lower underlying rate of inflation has been achieved.

The tax and price index, measuring the increase in gross income needed to compensate for rising prices, published yesterday in tandem with the RPI, showed a still lower rate of inflation. This was a result of the cut in income tax in the Budget in March, which helped push the TPI down in March to show an annual inflation rate of 1.2 per cent.

The TPI in April stood at 192.5 (January 1978 = 100) while the RPI stood at 385.3 (January 1974 = 100).

Continued on Back Page




# Thatcher defends record

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE Prime Minister last night defended the Government's seven-year record and moved to defuse mounting critiicism that the Government is out of touch and uncaring.

In a speech to the Scottish Conservative Party conference at Perth, Mrs Thatcher signalled no fundamental changes in Conservative policy but stressed the Government's achievements in the provision of health and education services—two areas where ministers have felt increasingly vulnerable. She warned that the return of a Labour government would overturn the successes of the last few years.

Mrs Thatcher, who received a standing ovation, gave no indication that she was considering a shift in the balance of resources in favour of more spending on social services. She re-emphasised her commitment to further tax cuts, aimed especially at people on below average incomes.

Several ministers yesterday delivered speeches around the country, similarly underlining the Government's successes.

At Perth, the Prime Minister said that the Conservatives' opponents claimed they had a "monopoly of care." She highlighted measures designed to create jobs, raise pensions and help the disabled as evidence of the Government's caring role. She admitted that the recent local election results had been disappointing, but she did not believe that the electorate wanted to "throw away all that has been gained."

The Government had beaten inflation, introduced badly needed trade union reforms, cut income tax and presided over a huge increase in the level of home ownership.

Mrs Thatcher thought the message to the Government from voters was: "You understood what worried us a few years ago, and you had the guts to do something about it. Do you understand what is worrying us today and, if you do, will you show the same guts and sort that out too?"

The Prime Minister responded: "There is only one answer to that: Yes, yes, and yes again."

Mrs Thatcher accepted that there remained "dragons to be slain," like unemployment. She also acknowledged that there was deep concern about the damage inflicted on the education system during the recent teachers' dispute.

Raising standards of education and rebuilding morale among teachers was a priority, but although spending on education services was rising, the Government did not run the country's schools. It was up to local authorities and parents to support teachers in providing decent schooling.

Mrs Thatcher also turned her attention to the health service and accused government critics of conducting a hostile propaganda campaign which ignored the fact that spending on health was £11bn higher than in 1979. The challenge, she added, was to provide more care by making better use of the £18½bn being spent on health by the Government this year.

Earlier at Perth Mr Norman Tebbit, the Party Chairman, acknowledged the party's troubles.

"We have tended to lose confidence in ourselves and to concede the initiative to other parties. We should not be so modest," he said.

The electors were beginning to see that Alliance policies were contradictory or confused, and the Conservatives had destroyed the case for socialism. Mr Neil Kinnock, the Labour leader, had had to "haul down the red flag of socialism in surrender to the flag of enterprise and freedom."

Howe demands US help to fight IRA, Page 6

# Attack on planned benefit cut

BY MICHAEL CASSELL

THE GOVERNMENT was under pressure last night to reconsider a proposal to cut the level of supplementary benefits paid to help unemployed home-owners meet their mortgage interest payments.

Thursday's controversial announcement by the Department of Health and Social Security was attacked by the Labour Opposition, by some Conservative backbenchers and by the building societies.

His timing took Downing Street by surprise. It would normally expect to be told in advance about the release of such a statement. The proposals, announced just before Mrs Thatcher's rallying call to Conservative party faithful in Perth, may partially eclipse the good news on inflation which she took north of the border. Downing Street emphasised, however, that no decision had been taken on altering benefit levels.

3 Mr Neil Kinnock, the Labour leader, condemned the plan as "callous and cowardly" and claimed it proved the Government was less interested in a home-owning democracy than in "family-evisting despotism."

Mr Michael Meacher, the shadow social services secretary who led unsuccessful demands in the Commons for a statement or an emergency debate, said the proposed cut in benefit was "a last vicious kick against the unemployed." He attacked the way the Government had "sneaked out" its proposals after months of consultation over the Social Security Bill, due to complete its passage through the Commons next week. Mr Meacher said that if cuts in mortgage tax relief were to be made, they should be aimed at the better-off, not those already in financial difficulties.

Some Conservative MPs were appalled at the proposal's timing, and the opportunity given ot rekindle criticism of the Government's uncaring approach. Sir Ian Gilmour, a former Conservative minister, said he imagined the proposal would be "killed off by ridicule." If it were not, he warned

Continued on Back Page

Doubts on lending spree, Page 10

Building society lending surges, Page 6

# BCal poised for International Leisure merger

BY LIONEL BARBER

BRITISH Caledonian Airways, Britain's second-largest intercontinental airline, is considering a full-scale financial merger with International Leisure Group, the Intasun holiday and hotels business, Sir Adam Thomson, BCal chairman, said last night.

Sir Adam, who earlier this week had dismissed reports of a merger as speculation, confirmed that a study of a merger's merits was now complete.

"The BCal board will take a decision soon—probably in the next couple of weeks," he said.

Sir Adam said there was no connection between the merger talks and the £40m costcutting package announced last Thursday which includes plans for 1,000 redundancies, a reduction in flights and the closure of four UK sales offices.

Talks between BCal and International Leisure have been going on since last January. Sir Adam said. They centred initially on an operational merger of the two companies' short-haul fleets but then broadened into discussions on a financial merger.

"It is still an open situation and I cannot pre-empt the board's decision," he said, acknowledging that there were differences of opinion among BCal directors on a financial merger.

Among the issues still to be resolved are the management structure for a merged company and the value placed on BCal. Unlike International Leisure, BCal remains a private, unquoted company.

Sir Adam estimated BCal to be worth between £150m and £180m, including the group's DC 10 fleet, compared to International Leisure's market capitalisation of around £64m.

But BCal, which made record pre-tax profits of £21.7m on £602m turnover for the year ending October 1985, is still heavily indebted. Net tangible worth of £92m was supporting net debt of £265m, according to the 1985 accounts.

International Leisure made £11.8m pre-tax profits on £241m turnover for the year ending March 1985. The company forecast a rise in pre-tax profits to £23.3m for this year, which includes aircraft sales.

One factor in the discussions is the attitude of BCal's institutional shareholders. Investors in Industry (3i) holds 42 per cent and is keen to dilute its shareholding, which represents at least 10 per cent of its own share capital and reserves.

One preferred route would be a public quotation for BCal, Sir Adam said. The airline was forced to shelve plans for a flotation last December because of uncertainty about its trading prospects in the current year.

Sir Adam, the driving force behind the airline since it was formed 16 years ago as a result of the British United-Caledonian Airways merger, denied that he was personally opposed to a link-up with International Leisure. "That is rubbish. I am only interested in what is best for BCal shareholders," he said.

The choices get harder, Page 11

# Galtieri jailed over conduct of Falklands war

BY TIM COONE IN BUENOS AIRES

THE THREE leaders of the Argentine armed forces during the Falklands war have been stripped of their ranks and sentenced to prison for incompetent handling of the forces under their command during the 10-week conflict in 1982.

General Leopoldo Galtieri, former Argentine President and architect of the military assault on the islands, was sentenced to 12 years imprisonment. Admiral Isaac Anaya, the naval chief, received a 14-year sentence because of the critical failure of the naval fleet to support the armed landing just over four years ago.

The Air Force Chief, Brig-Gen Basilio Lami Dozo, was sentenced to eight years. His lighter sentence apparently recognized the important role of the air force in supporting the army.

Admiral Anaya was particularly criticised for his apparent failure to take advantage of a possible negotiated end to the conflict.

The military courts have been investigating since 1983 the conduct of the military during the war combined with the issue of the thousands of "desaparecidos" or civilians who disappeared during the late 1970s and early 1980s.

The investigation has kept the conduct of the war a burning issue in Argentina in the intervening years.

Shortly before the sentences were ready yesterday, bombs exploded at six district

Continued on Back Page

## WEEKEND FT

SPIES

Top-secret documents have shown that the Soviet bloc will go to enormous lengths to acquire the West's technical secrets.

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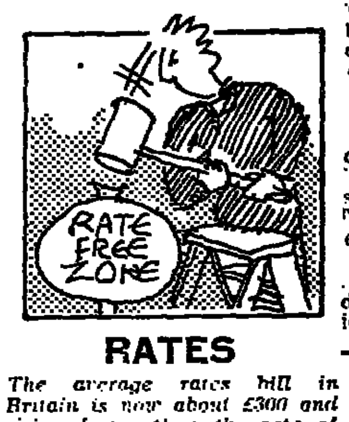


RATES

The average rates bill in Britain is now about £300 and rising faster than the rate of inflation. Help is at hand for those seeking a reduction.

VII

TRAVEL

Florida's attractions: fruit, flamingoes, the Everglades and miles of sunny beaches.

XII

CHELSEA

Flower show time again—earthy advice for gardeners and furniture to relax on before attacking the dandelions.

XVI and XVII



## MARKETS

**DOLLAR**

New York lunchtime:
DM 2.21325
FFr 7.051
SFr 1.847
Y165.7
London:
DM 2.211 (2.1985)
FFr 7.0425 (7.01)
SFr 1.841 (1.828)
Y165.35 (163.6)
Dollar index 114.4 (113.6)
Tokyo close Y164.8

**US LUNCHTIME RATES**

Fed funds 6⅝%
3-month Treasury Bills: yield 6.42%
Long Bond 95 4⁄32 yield 7.63%

**GOLD**

New York: Comex June latest $343.7
London: $343.25 (342.25)

**STERLING**

New York lunchtime $1.524
London: $1.5255 (1.535)
DM 3.3725 (3.375)
FFr 10.745 (10.76)
SFr 2.8075 (2.805)
Y252.25 (251.25)
Sterling index 75 (76.1)

**LONDON MONEY**

3-month interbank: closing rate 10 7/16% (same)

**NORTH SEA OIL**

Brent 15-day June $14.55 ($14.20)

**STOCK INDICES**

FT Ord 1,289.5 (−13.1)
FT-A All Share 772.94 (−0.9%)
FT-SE 100 1,564.9 (−10.8)
FT-A long gilt yield index: high coupon 9.17 (9.08)
New York lunchtime: DJ Ind Av 1,760.54 (−14.14)
Tokyo: Nikkei 15,739.05 (−185.64)

*Chief price changes yesterday, Back Page*

CONTINENTAL SELLING PRICES: Austria Sch 20; Belgium BFr 45; Denmark DKr 8; France Fr 6.00; W Germany DM 2.20; Ireland 60p; Italy L1,500; Malta 30c; Netherlands Fl 2.75; Norway NKr 7.80; Portugal Esc 90; Spain Pta 125; Sweden SKr 7.00; Switzerland Fr 2.20.

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For London market and latest share index 01-246 8026; overseas markets 01-246 8068

# Chernobyl disaster leaves three vital questions unanswered

BY PATRICK COCKBURN IN MOSCOW

THE immediate and long term effects of the Chernobyl accident in the Soviet Union have become clearer over the last week, but there are still some mysteries. These mostly concern Soviet technical and political handling of the accident over the first critical week after the disaster on April 26.

Three important questions remain unanswered. These are:

- The exact cause of the surge in power in the fourth 1,000 MW reactor at Chernobyl, which led to the explosion. This is important because it will show if there is a design flaw in the Rbmk-1000 type reactor or if the accident was a one-off result of "human error." Soviet officials say the cause of the accident will be explained in a report to be handed to the International Atomic Energy Agency in Vienna in July.
- Who was responsible for the technical and political handling of the Chernobyl accident between April 26-May 2. Why did Moscow not tell Scandinavian countries that a radio-active cloud was heading in their direction though officials here now say they monitored the cloud as it crossed the Soviet Union's Baltic coastline.

There was a special Politburo meeting on April 28 to discuss Chernobyl and a commission of inquiry was appointed, but the gravity of the crisis continued to be underestimated until Mr Nikolai Ryzhkov, the Prime Minister and Mr Yegor Ligachev, the Politburo number two, visited Chernobyl on May 2. People in Kiev were only told to take precautions against radiation on May 5.

- The extent of radiation in the north Ukraine, Byelorussia and Baltic states immediately after the accident.

Increased information from the Soviets now would enable many of the other questions asked in the first weeks of the crisis to be answered and a number of exaggerations about the long-term consequences of the disaster deflated.

**Will Chernobyl significantly damage the economy?** This is likely to be very slight. Only crops in the immediate 30 km zone around the plant are likely to be contaminated. Soviets say milk and other products regarded as suspect will be processed, stored for three months, checked and only then sold.

Mr Gorbachev has been very lucky in the weather. A high pressure zone over the European part of the Soviet Union has meant there has been little rain and no high winds in north Ukraine. This has limited the spread of radioactive contamination. Daily checks by embassies on produce in Moscow show no danger so far.

**Will the Soviet nuclear programme go ahead as planned?** Almost certainly. The Soviets have gone out of their way to stress that nothing is wrong with the 14 Rbmk-1000 graphite moderated reactors not damaged. Western diplomats say these were shut down for up to a week after Chernobyl but Soviet officials deny they were closed.

In this five-year plan (1976-1980) nuclear energy plays a key role with 40,000 MW to be added to 23,000 MW coming from 41 nuclear reactors on eve of Chernobyl. Greater safety measures may slow down the high-speed programme envisaged, but a move away from nuclear power is very unlikely given the size of investment already made.

**Will the accident damage Mr Gorbachev at home?** Mr Gorbachev's television broadcast last Wednesday, his first reference to the disaster, went down well. People in Kiev and northern Ukraine were angered by the slowness with which they were warned of the danger. Less than a week after Soviet television mocked British students for leaving Kiev, the city's local authorities were advising parents to remove their children.

Mr Gorbachev is benefiting from the switch from near total secretiveness—treating Chernobyl as a minor accident exaggerated by the foreign press—for a week after the disaster to a policy of openness since May.

**Will the accident affect US-Soviet relations?** The failure to tell west Europeans about the accident for almost three days and the provision of only minimal information for another week damages Mr Gorbachev's image as the man who cares about the atom. He now says the summit with President Reagan needs "a better atmosphere." There is genuine Soviet resentment at what is seen as US exploitation of Chernobyl, but the Kremlin still wants a summit late this year or early next.

Immediate Soviet reaction to Chernobyl was almost a caricature of the western view of Soviet foreign policy as blindly secretive and egocentric. Mr Gorbachev is already busy restoring the Soviet Union's image by renewing his unilateral test moratorium until August. Other gestures can be expected.

Long term damage, however, may not be as bad as once appeared.

## Accident death toll now 13, says US doctor

**The American doctor who has been helping treat victims of the Chernobyl nuclear power station disaster indicated yesterday that the death toll had risen to 13, Reuter reports from Moscow.**

**Dr Robert Gale said in an interview with US television networks that of 35 radiation victims who had been seriously ill in Moscow, 24 "remain alive," according to the networks' bureaux in the Soviet capital.**

Two other people died during the April 26 accident. With 11 deaths from the effects of radiation, this would bring the total death toll to 13.

Dr Gale, a bone marrow specialist, was speaking before leaving for the US after two weeks spent treating radiation victims in Moscow.

He said that more than 100,000 people will have to be monitored for the rest of their lives for the effects of the radiation leak.

Dr Gale expected there would be more people—but not great numbers—dying as a result of the radiation leaked during the explosion at the Chernobyl nuclear plant in the Ukraine.

The Soviet authorities have agreed to "carefully (follow) a large number of patients, perhaps upwards of 100,000 individuals, probably forever, for the rest of their lifetimes," he said.

# Producer prices fall 0.6% in US

THE US producer price index for finished goods decreased a seasonally adjusted 0.6 per cent in April after a 1.1 per cent decline, the Labour Department said, Reuter reports from Washington.

April's drop was the fourth straight monthly decline. So far this year, the index has dropped at a seasonally adjusted annual rate of [illegible] per cent, the department said.

Further sharp decreases in energy prices were the principal reason for the index decline last month, the department said.

Housing starts rose 4.1 per cent in April to a seasonally adjusted annual rate of 2,009,000 units, the Commerce Department said. In March, housing starts fell a revised 3.5 per cent to 1,930,800 units. The department previously estimated they fell 2.4 per cent. Before seasonal adjustment April housing starts rose to 187,600 units from 148,800 units in March, the department said.

## Philippine surplus up

The Philippines recorded a $2.3bn (£1.5bn) balance of payments surplus in 1985, compared with $258m in 1984, central bank governor Mr Jose Fernandez said in a report to President Corazon Aquino, Reuter reports from Manila. He said the surplus reflected the positive effects of debt restructuring and was traced to the narrowing of the current account deficit to $77m from $1.11bn in 1984.

## Afghan talks continue

Afghanistan and Pakistan have agreed to continue their talks on an end to the war in Afghanistan into a third week, Mr Diego Cordovez, the United Nations' mediator, announced yesterday, William Dullforce reports from Geneva.

## Setback for Stevenson

A Federal judge yesterday ruled that Mr Adlai Stevenson cannot run for state governor as an independent, leaving him with the much more difficult task of forming a third party if he still wants to run, AP reports from Chicago.

# EEC responds to US food quotas

BY TIM DICKSON

THE European Commission yesterday responded with rather more rhetoric than practical effect to President Ronald Reagan's decision to impose tariffs and quotas on some food and drink imports from the EEC.

Mr Willy de Clercq, the EEC Commissioner for External Relations, described yesterday as "deplorable" US import quotas on white wine, candy, beer and several other selected EEC products. He said the Community had no option but to respond with similar measures.

Last night, however, in a move clearly designed to dampen tension in what has the makings of a serious trade war between the Community and the US, the Commission announced that it would be monitoring a list of similar US products—among them beer, wine and honey—which are imported by EEC member states.

Action will be taken against these products only if the US measures harm the EEC economically.

It was pointed out in Brussels yesterday that the US quotas on EEC goods are "non-restrictive"—that is to say they are not designed to restrict the level of trade between the two trading blocs and have been set above the level of 1985 exports in the categories concerned.

Yesterday's steps represent the latest development in the transatlantic row over the trade effects of this year's EEC enlargement. Spain and Portugal are erecting EEC tariffs and levies on their farm imports with the result that the US is claiming that it will lose an estimated $1bn of exports of corn, sorghum (to Spain), oilseeds, oilseed products and grain (to Portugal).

The US claims that under the General Agreement on Tariffs and Trade (Gatt), it is entitled to compensation on a sector by sector basis.

The EEC, by contrast, wants to take the enlargement issue as a whole and points out that American manufacturers will actually benefit from the addition of two new EEC members.

At this stage the EEC is confident that the US quotas will have little practical effect on their own exporters, although equivalent quotas on the American goods announced yesterday are likely to be worked out by Commission officials and representatives of member states next week.

The EEC has always said it would respond in kind to any escalation by the US and is likely to take a tougher approach if President Reagan goes ahead with his threat to increase tariffs on certain EEC products at the beginning of July.

# Moscow talks for Gonzalez

By David White in Madrid

THE RISK of wider conflicts in the Mediterranean and in Central America are expected to be at the centre of talks which Mr Felipe Gonzalez, the Spanish Prime Minister, starts with Soviet leaders on Monday.

Mr Gonzalez, who will be the first EEC head of government to visit Moscow since the US-Libyan crisis, has contacted European colleagues about the talks.

This is also the first official trip to the Soviet Union by a Spanish head of government, although Mr Gonzalez went to Moscow last year for the funeral of Mr Chernenko—Mr Gorbachev's predecessor as Soviet party leader. It follows a visit by King Juan Carlos in 1984.

The talks include meetings with Mr Mikhail Gorbachev, Premier Nikolai Ryshkov and Mr Andrei Gromyko, President of the supreme Soviet.

Mr Gonzalez, who two months ago won a referendum in favour of keeping Spain in Nato, will discuss east-west relations and the outlook for European security negotiations, as well as the Libyan and Nicaraguans situations, in which Spain has a close interest.

The main emphasis of the visit is likely to be political, but Mr Gonzalez is also taking a business mission as he did last year to China. Along with Mr Carlos Solchaga, the Finance Minister, 30 representatives of banks and of companies currently negotiating deals with the Soviet Union are accompanying the Prime Minister, in the hope of stimulating political support for their projects. Contracts in the pipeline include ships, railway equipment and food processing.

Madrid did not re-establish diplomatic relations with Moscow until 1977.

# French privatisation legislation adopted

BY DAVID HOUSEGO IN PARIS

THE ENABLING legislation that will allow the French Government to implement its privatisation programme by degree was yesterday adopted by the National Assembly after the failure of a vote of censure on Mr Jacques Chirac's administration, tabled by the Socialists.

The enabling legislation, which will also allow the Government to abolish price controls by decree and carry through other urgent economic measures, was the first bill that the new Government has presented to the Assembly. Mr Chirac cut short debate on the measure which immediately drew a motion of censure from the Socialists and Communists.

Deputies from the extremist right-wing National Front, which has over 30 deputies in the parliament, criticsed the bill as "watered down" liberalism and walked out of the Assembly at the end of the debate. But they did not cast their votes against the Government because of criticism from Front supporters that the parliamentary party has been making commen cause with the Socialists and Communists by voting with them.

The bill — a cornerstone of the Government's economic programme — will now go before the Senate and then probably to the Constitutional Council.

It remains to be seen whether President Francois Mitterrand will challenge those passages in the bill that provide for the privatisation of the three state-owned insurance companies and the three large nationalised banks (Societe Generale, BNP and Credit Lyonnais). The President has said he will not approve privatisation by decree of groups nationalised prior to 1981.

The censure motion secured 251 votes out of the 289 needed for a majority.

# Union protests halt Belgian public transport

By Paul Cheeseright

TRADES UNION protests against an austerity package being put together by Belgium's centre-right coalition Government yesterday brought the public transport system to a halt.

The strikes also hit some schools, disrupted mail deliveries and reduced the broadcasting service, but they had a patchy effect on government and local administration and the private sector was virtually untouched.

Public service unions were staging their second one-day strike in 10 days in an attempt to influence negotiation among senior ministers trying to agree a series of public spending cuts.

The aim is to reduce the official finance deficit, now running at over BFr 600bn (£8.8bn) a year, by BFr 200bn. Coalition leader Mr Wilfried Martens is expected to announce how and where the cuts will fall next week. No category of official spending will escape.

# ANC may offer minority rights in Lusaka talks

BY PATTI WALDMEIR IN LUSAKA

THE African National Congress (ANC), whose leaders are today due to meet a commonwealth team seeking to initiate negotiations between black and white in South Africa, would eventually be prepared to negotiate temporary protections for minority rights as part of a new constitution for the republic of South Africa, according to senior congress officials here.

Botha . . . demanding guarantees

In an apparent softening of its previous hard-line stand which called for a political system based on "one man, one vote in a unitary state," top ANC officials indicate privately they are prepared to consider provisions similar to those introduced in Zimbabwe's independence constitution.

The constitution, while providing for a majority black government, guarantees Zimbabwe's tiny white minority 20 seats in the country's 100-seat national assembly. The provision of entrenched white seats was a major factor in easing white fears and bringing an end to the country's guerrilla war.

Mr P. W. Botha, the South African president, yesterday listed the "visible and effective protection of minority groups" among a set of what he called non-negotiable principles to be applied in drawing up a new political system. Speaking in a televised address, President Botha said such groups must be guaranteed their "right against domination and for self-determination."

The so-called Commonwealth Eminent Persons Group (EPG) which arrived in Lusaka yesterday for Saturday's talks with the ANC will obviously be testing the degree of common ground between these two positions. Prospects for an immediate start to negotiations are, however, slim in view of the ANC's likely rejection of the main points of the initiative believed to have been discussed during the group's talks with South African officials this week.

ANC officials believe they are likely to be asked to declare a unilateral moratorium on violence (a truce which would not include the withdrawal of Pretoria's security forces from the Republic's townships), in exchange for the release of Mr Nelson Mandela, the imprisoned ANC leader, and the legislation of the organisation within South Africa.

They say privately that a crucial condition for any truce and the beginning of negotiations with Pretoria would be the acceptance by the South African Government of the principle of the transfer of political power to the black majority—a condition which they say has not yet been met. The ANC is unwilling to forgo the lever it now exercises through the threat of violence until this principle has been accepted.

"Once this is agreed, though, we'd be prepared to negotiate the form of a new democratic political system," said one official indicating that a range of interim compromises might be possible. "As long as the majority had real power, we might be prepared to assuage the fears of whites in exchange for a settlement which would make it possible to avoid 10 more years of violence."

The ANC's public position remains a commitment to a "one man, one vote" system, but most of its leaders seem likely to back some form of transitional arrangement which would guarantee minority rights.

# Orthodox Israelis lose battle against time

BY ANDREW WHITLEY IN TEL AVIV

ISRAEL officially goes onto summertime this weekend, a month behind most other western countries, after a delay provoked by the perennial infighting between the country's secular and religious forces, from which even such apparently uncontroversial matters as saving electricity by putting the clocks forward cannot escape.

Faced with religious opposition to a step which ultra-orthodox Israelis say encourages desecration of the sabbath by the vast majority of less observant brethren, in recent weeks hundreds of thousands of individuals simply voted with their clocks.

Scores of public and private institutions — ranging from the manufacturers' association to the southern port city of Eilat and the Jerusalem parks and gardens department—decided unilaterally that whatever Rabbi Yitzhak Peretz, the Interior Minister, or the rest of the coalition government finally decide, they were going onto summertime.

To complicate matters further, the occupied West Bank region, which continues to follow Jordanian law, unofficially decided it would follow Jordan when Amman put its clocks forward an hour in April.

The so-called "green line" border between pre-1967 Israel and Judea and Samaria, as Israelis refer to the West Bank, is an invisible one, and this meant that anyone crossing this usually meaningless frontier would find himself in a different time zone.

Confusion, not surprisingly, has been rampant. When Mayor Rafi Hofmann of Eilat was asked how citizens calling the public emergency services in his city—which had not followed the municipality in advancing their clocks—would make themselves clear, he replied that they would have to distinguish between "Israel time" and "Eilat time."

Rabbi Peretz, leader of the ultra - orthodox Sephardic Torah Guardians, or Shas, party fought a tenacious, rearguard action to resist the maintenance of summertime, following its reintroduction last year after a long break during the Likud's years in power.

When an independent committee set up by the Government to examine the advantages and disadvantages of such a momentous step voted overwhelmingly in favour of putting the clocks forward, he overruled its conclusions on the grounds that the findings were not unanimous. The lone interior ministry representative on the committee had voted against.

Instead Rabbi Peretz, backed by many other Likud cabinet members, proposed putting the whole matter off for another two years, by setting up yet another committee to report back in 1988.

Observance of the sabbath, which runs from sunset on Friday night to sunset on Saturday, has become an increasingly contentious matter in Israel in recent years, often leading to violent clashes. Issues such as whether or not cinemas can open on Friday nights or football games be played on Saturdays are debated passionately at all levels of society.


"You must be the Rabbi's son—to you we closed an hour ago"

# Brazil brings Petrobras to heel with appointment of new president

BY ANN CHARTERS IN SAO PAULO

MR OZIRES SILVA, who built an international reputation for Brazilian aeroplanes as president of Embraer, Brazil's aircraft manufacturer, is to succeed Mr Helio Beltrao as president of Petrobras, Brazil's state oil monopoly and largest government company.

The move appears to signal an attempt to bring Petrobras to heel. A powerful state company with strong connections among former military leaders, Petrobras has been remarkably successful in leading Brazil to less dependency on imported petroleum through extensive exploration and discovery of domestic oil and gas fields.

The company, however, is fiercely independent and has deflected previous attempts from the federal government in Brasilia to make it follow directives.

Officially, the 70-year-old Mr Beltrao cited personal reasons for his resignation, but he was facing protracted battles with the Planning and Finance Ministries intent on cutting back Petrobras' investments in new exploration and production. He regarded this as a short-sighted policy injurious to the country's strategic interests and was convinced Brazil needed to discover the full extent of its petroleum and gas deposits.

The Finance Ministry recently suggested that Petrobras' windfall profits from lower international petroleum prices should be taxed and the proceeds used to fund the Government's social programme or cover deficits in other state companies.

Petrobras funds its own investment programme and was expected to pay better dividends to its non-voting private shareholders with improved earnings from lower oil prices this year. Savings on oil were not to be passed on to the consumer in cheaper gas at the pump.

Petrobras still imports 40 per cent of Brazil's domestic oil requirements, which average 1,04,000 barrels in daily consumption. The company expects to pay $11 to $12 less per barrel than the average import price of $28 (£18) per barrel in 1985.

Mr Silva has a reputation in Brazil as an excellent administrator, apolitical and commercially minded. After accepting his appointment, Mr Silva said in a quote to the Gazeta Mercantil, a local paper, that he would run Petrobras in an open manner with the interests of the Brazilian citizen in mind and with policies subject to debate as they should be in a democracy.

Embraer, a mixed capital company, won competition last year to supply Britain's RAF with its Tucanos military training aircraft. The company is developing a jet combat aircraft, the AMX, in conjunction with two Italian companies and has planned to develop a lightweight supersonic fighter plane

# British MPs' allegations denied by Waldheim

BY PATRICK BLUM IN VIENNA

DR KURT WALDHEIM, the leading candidate in Austria's presidential election, yesterday denied allegations made in Britain's parliament that he was linked to the disappearance of British prisoners in the Balkans during the Second World War.

A spokesman in Dr Waldheim's campaign office said that "any objective examination of the charges brought forward is welcome and it will give renewed proof that the allegations (against Dr Waldheim) are unfounded."

The allegations were made by a group of 45 British MPs in a motion alleging that Dr Waldheim may have been involved in the disappearances of British commandos taken prisoner in the Balkans.

In response to the motion Mrs Margaret Thatcher, the Prime Minister, said on Thursday that the Defence Ministry was scrutinising military records to check the allegations.

Dr Waldheim has been at the centre of an international controversy following allegations, which he has firmly denied, that he was implicated in nazi atrocities during the war. The row over his wartime past pursued him throughout the first round of the presidential election campaign, but his vigorous denials won him considerable sympathy in Austria.

He narrowly missed outright victory in the first round of the election on May 4, winning 49.64 per cent of the vote. Dr Kurt Steyrer, his Socialist rival, received only 43.66 per cent of the vote.

The ruling Socialist Party has admitted that their own candidate's low score was a serious setback and that Dr Steyrer will find it very difficult to catch up with Dr Waldheim in the next round of voting on June 8.

The controversy over Dr Waldheim's wartime past has become more subdued in Austria since the first round of voting partly because of the Socialist Party's desire to play down the row which has been more damaging to their own candidate than to Dr Waldheim.

Both candidates are hoping to win some of the 5.5 per cent of the votes cast for Ms Freda Meissner-Blau, the "Green" candidate, in the first round. According to a recent poll about one third each of the Green vote could go to Dr Waldheim and to Dr Steyrer.

# Finnish markka recovers

BY OLLI VIRTANEN IN HELSINKI

THE FINNISH markka rose slightly yesterday following the central bank's devaluation by 2 per cent against a basket of currencies on Thursday.

It closed at an index level of 104.5 compared with 105 after the devaluation and 103 before.

Responding to the markka's relative improvement, the central bank lowered the call money rate by two percentage points to 14 per cent. Earlier in the week it had raised it on two successive days by a total of five percentage points.

According to the central bank, the outflow of currency on Thursday was more than offset by inflow yesterday. The bank said that its currency reserves had been maintained "several billion of markkas above the 10 billion limit."

This would indicate that speculation on the Finnish currency, only taxed foreign reserves by FM 2.4bn.

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# Lisbon names bank governor

By Diana Smith in Lisbon

Mr Jose Alberto Tavares Moreira, 42, has been appointed the new governor of the Bank of Portugal. He replaces Dr Victor Constancia, 42, who resigned recently from the post in order to campaign for the leadership of the Socialist Party.

Mr Tavares Moreira joined the minority Social Democrat Government of Professor Anibal Cavaco Silva last October as Under-Secretary of State for the Treasury.

He is expected to pursue the liberalising policies of the six-month-old Government

# Kinnock confirms pledge to reduce N-power sector

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

MR NEIL KINNOCK, the Labour Party leader, yesterday confirmed his party's commitment to reduce Britain's dependence on nuclear power.

Mr Kinnock, addressing the Welsh Labour Party conference in Swansea, drew together and confirmed several elements of party civil nuclear policy which emerged earlier this week during a House of Commons debate on the subject.

There have been left-wing demands that Labour should end all nuclear power generation and some confusion about the Opposition's civil nuclear stance. Mr Kinnock yesterday confined himself to a commitment that, under a Labour government, the nuclear sector would play a steadily decreasing role in meeting the country's energy requirements.

He said life for future generations was threatened by the "assorted poisons of radioactive fallout" and outlined what he described as a systematic strategy for energy, with coal as the fuel of the future.

The Labour leader also outlined the party's policy on housing, which he emphasised entailed the provision of homes for those who wanted to rent and to buy.

There would be a comprehensive housebuilding programme, a national programme of repair and modernisation of council homes, simpler and better home improvement grants, help for leaseholders to buy their freeholds and a scheme to help first-time buyers.

Mr Kinnock predicted that if the Government continued in its present policies, voters would take vengeance at the polls." However, if Mrs Thatcher changed direction after seven years of preaching that there was no alternative, the voters would equally express their contempt.

He said the people of Britain knew that yesterday's butchers could not be tomorrow's healers.

# Systime denies guilt after US settlement

By Jason Crisp

**SYSTIME, the Leeds-based computer group, has denied any guilt following its settlement of the $600,000 (£391,000) civil penalty with the US Commerce Department for re-exporting US technology without authorisation.**

**The company said: "Systime has made the settlement to avoid long and expensive legal proceedings . . . The settlement is not an admission of any wrongful action but a pragmatic business decision."**

**Systime was alleged to have made 23 shipments of US computers worth more than $4m to Libya, Syria, India, Pakistan, Malaysia, Singapore, Switzerland and Zimbabwe.**

**The shipments were made in a period to March 1983. As a result of the negotiated settlement, Systime will pay only $400,000, providing it commits no further violations.**

**Systime ran into serious financial difficulties and was eventually rescued in 1984 by Control Data.**

Lisa Wood on how the market for fresh chilled dairy products fared last year

# Yoghurt sales continue healthy progress

YOGHURT last year maintained its position as the UK's fastest growing grocery product, according to a review of the £399m fresh chilled dairy products market in 1985 by Eden Vale, Express Foods' dairy division.

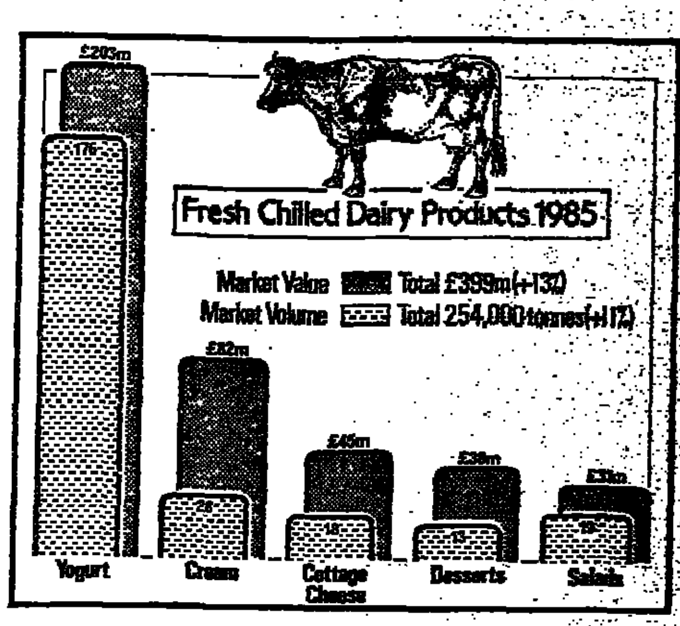
The product accounted for more than half the value of all fresh chilled dairy products in the year, a market which grew by 11 per cent in volume and 13 per cent in value.

Other products in the sector—cream, cottage cheese, salads and chilled desserts—together contributed just 3 per cent volume growth and 4 per cent value. For the first time cottage cheese declined.

Cottage cheese's slide and the slow but steady rise in cream sales make it difficult to generalise about the trend towards products seen as healthier, such as low-fat ones.

Mr Nigel Hunter, marketing director of Eden Vale, says in the review: "The principal reason for this huge divergence in performance was lack of branded investment and innovation in the cream, cottage cheese and salads markets."

Activity in these sectors had generally been retailer-led with limited branded support.




"The yoghurt market is a perfect example of how manufacturer and retailer brands can not only exist in harmony but can combine to create additional impetus and generate a high rate of continuous market growth.

"The same kind of branded investment as has been put behind yoghurts is now needed in other sectors."

The review says several factors ensured the continuing growth of yoghurt sales in 1985.

Foremost, according to the review, was marketing support by the leading manufacturers, which was at an all-time high as manufacturers' brands increased their share from 60 per cent to 65 per cent.

Another factor was manufacturers positioning new products specifically to appeal to different market sectors.

"The yoghurt boom shows no sign of abating," says Eden Vale. "Sales in 1986 are expected to rise by at least 13 per cent to 1,325m pots with the value of the market increasing by 19 per cent to £242m."

Growth, though not much, continued in the cream market, where advertising slogans such as "naughty but nice," highlighted the product's image as a treat.

Sales of cream in 1985 were up by 4 per cent to 6.2m gallons and the value of the market increased by 2 per cent to £82m, the review says.

"It seems that cream and other 'luxury' products are not suffering from the health focus as much as might be expected. The more consumers adopt 'healthy' foods to form their regular diet the more they are prepared to indulge themselves at weekends and other treat occasions," the review adds.

It predicts a further 4 per cent volume growth in 1986 with value up by 2 per cent to £84m.

Fresh chilled desserts such as mousses also benefited from increased demand for treats. Sales rose by 8 per cent in volume and by 12 per cent in value to £38m. Eden Vale forecasts continued strong growth in 1986.

Although expected to benefit from the healthy eating trend, sales of low-fat cottage cheese fell in 1985.

"After years of consistent growth, volume dropped by 7 per cent and value by 2 per cent to £45m."

Eden Vale said both manufacturers and retailers had failed to promote the product as wholesome, natural and tasty.

The review expresses disappointment at the year's 10 per cent growth of fresh chilled salads such as coleslaw.

"This growth, lower than in previous year and significantly lower than that for yoghurt, was somewhat disappointing in a year when chilled salads were ideally placed to benefit from the boom in healthy eating."

It blames lack of marketing by manufacturers, both in product innovation and advertising support, for the growth of own-label products.

● Wall's, the ice cream subsidiary of Birds Eye Wall's, blames last year's poor weather for a 13 per cent fall in the value of the UK ice cream market in 1985.

Wall's review, which estimates the market to be worth £427m in 1985, said impulse buying was most affected, with the value of sales declining 24 per cent to £188m.

*Review of the Fresh Chilled Dairy Products Market 1985-86, Eden Vale, Victoria Road, South Ruislip, Middlesex HA4 0HF.*

*The Wall's 1986 Report, Birds Eye Wall's, Walton Court, Station Avenue, Walton-on-Thames, Surrey KT12 1NT.*

# Dunlop to build £10.5m high-pressure pipe plant

FINANCIAL TIMES REPORTER

ABOUT 150 jobs will be created at a plant to be built for Dunlop's oil and marine division, to produce continuous lengths of high pressure flexible pipes for the oil industry.

The company, a subsidiary of BTR, is investing £10.5m, including a 20 per cent government grant, to establish the plant. It will be either in Dundee or Newcastle—taking advantage of enterprise zones as well as deep water harbour facilities. A decision on the site is expected by the end of this month.

The Dunlop division has been supplying the pipes, known as Armalink, from its Grimsby site for about three years. So far only relatively short lengths—up to 45 yards—have been available.

The new plant will produce Armaline, the long-length version of Armalink up to 3.5 miles long in 2 in diameter, or almost half a mile in 12 in diameter.

Armaline has been designed to carry hot sour crude oil and gas and is resistant to other fluids such as sea water and chemicals.

# Chaos forecast after Shops Bill failure

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

FINANCIAL TIMES CONFERENCE
**Retailing to 1996**

THE FAILURE of the Government's Shops Bill last month, which would have paved the way for lawful Sunday trading in England and Wales, is certain to lead to "a period of turbulence and confusion from which the customer is unlikely to benefit," it was suggested yesterday.

**Mr Nigel Whittaker**, executive director of Woolworth Holdings, said on the second day of the Financial Times conference, Retailing to 1996, that the anomalies that have existed in legislation since 1950 were still causing problems for retailers and consumers. "We are now left with a totally confused situation, a nightmare for retailers and for local authorities."

However, Mr Whittaker suggested that the Government was "unlikely to be able to sulk in its tent for long." Retailers, trade unions, consumers, and churchmen were "united in wanting to move away from the chaos we have inherited—perhaps towards temporary and more limited chaos we can all agree on."

All sides should get together to produce a compromise proposal to end some of the anomalies in legislation.

"The most likely possibility in my view is that an interim measure encompassing small shops, DIY stores, and garden centres will be pressed on the Government for support and make progress during the next parliamentary session," Mr Whittaker said.

By 1996, he believed, all shops and retail parks—groups of large stores based away from town centres—would be able to open on Sundays and at nights whenever they pleased. "Retailers will be free and unfettered by legislation to respond to customers' needs—and that, after all, is what we in retailing are all here for," he concluded.

**Mr David Gransby**, group development director of the Asda/MFI Group, told the conference he was optimistic about the future of superstore retailing. "In my view, the marketplace can still accommodate a significant number of new superstores within the next decade without creating vast tracts of spare capacity," he said.

"In the south, for example, there is still only one superstore to every 400,000 per head of the population compared to 100,000 per head of population in the north."

Mr Gransby pointed out that "the fact that the market is still crying out for edge of town grocery superstores is underpinned by our own development plan—we will be opening an average of 10 new stores a year very soon and some of our competitors are doing likewise."

**Mr Austin Bendall**, a director of Coopers and Lybrand Associates, told delegates about the potential of new technology for enhancing retailers' effectiveness.

Traditional benefits for retailers had accrued through reduced operating costs to enable selling prices to be pitched at a competitive level. The emphasis was now shifting to help increase turnover and profit margins through better planning, acquisition, and placing of merchandise.

"Having the right stocks in the right place at the right time would raise turnover and net margin to a level which would easily pay for the cost of the systems redevelopment and technology," he said.

**Dr Robert Woodman**, chairman of the Retail Consortium's electronic funds transfer policy committee, told the conference that Britain was lagging behind other countries in the development of electronic funds transfer at the point of sale. "Electronic funds transfer is a benchmark along the road to consumer services which you and I will find in most industrialised countries in a few years' time," he said.

**Mr Craig Herron**, managing director of Comp-U-Card, outlined the increasing trend towards shopping from home through inter-active computer and teletext systems. But he pointed out that "electronic retailing is just another way to buy and sell and is not going to sweep everything else off the face of the earth."

He emphasised that "electronic retailing is here to stay and not participating in emerging electronic systems means that retailers are missing out on a major opportunity."

**Mr Nicholas Usher**, supermarket industry marketing manager for ICL (UK), suggested that retailers were on the verge of "truly explosive growth in the rate of installation" on sophisticated electronic checkouts. "The six years from 1984 will see no less than a tenfold increase in the number of electronic point of sale terminals," he added.

Yesterday's conference was chaired by **Mr John Salisse**, chairman of the FT/Confederation of British Industry Distributive Trades Survey. Other speakers included **Mr John Irish**, chairman of Spar (UK) and **Mr Denis Cassidy**, chief executive of British Home Stores.

صكذا من الاصل

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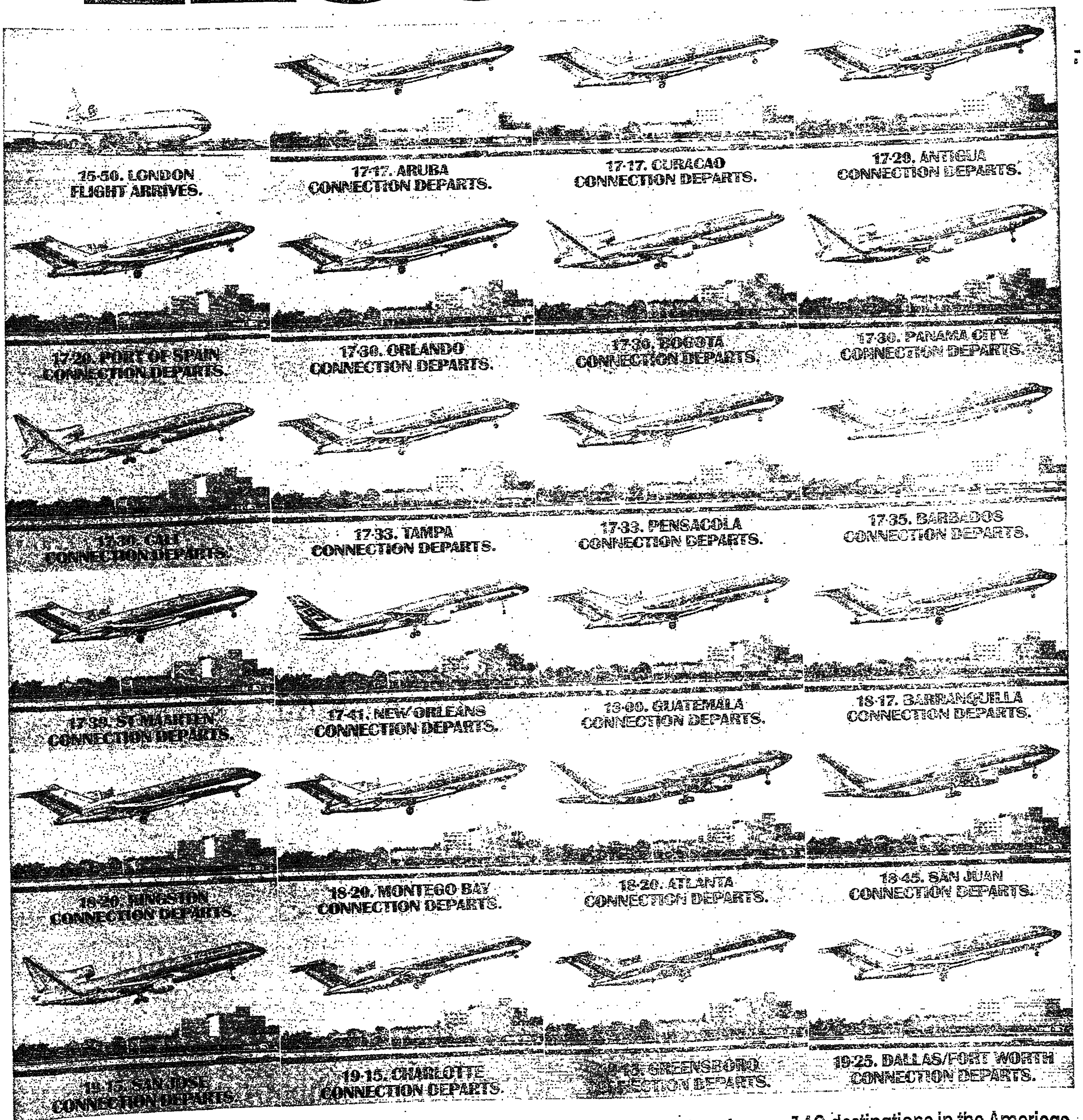


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# Directors 'optimistic over better business outlook'

BY FIONA THOMPSON

COMPANY directors are confident that business prospects are set to improve in coming months, especially in the financial services sector, says a survey released yesterday.

The reasons for optimism centre overwhelmingly on market-related business issues such as improved demand and increased ability to deal with foreign competition rather than general economic factors more directly under government control.

The survey reports:

● Strong criticism by directors of inadequate provision for education and training.

● A thumbs-down for overseas takeovers.

● A distinct lack of enthusiasm for the Big Bang, the changes in the financial markets coming in October.

● A strong feeling among directors that there is a lack of credible assistance from the Confederation of British Industry, the Government and the main trade unions in protecting business interests.

The survey, on the views and needs of business, was carried out by Audience Selection, the UK's largest telephone market research company, using two of its research services, the Key Directors Omnibus and the Business Forum.

Under the Key Directors Omnibus 454 directors within the top 10 per cent (minimum turnover £1m) of companies were interviewed in April. Using the Business Forum, a panel of 200 chief executives, chairmen and managing directors from the The Times Top 100 companies were interviewed in March and April.

On short-term business prospects 83 per cent of directors in financial and other services expect their profits for the first half of this financial year to be up on last year, as do 62 per cent of directors in manufacturing and engineering.

Larger companies, with more than 100 employees, tend to be more optimistic than smaller.

The factors rated most important to business success are topped by UK market demand (74 per cent); and own-product range (73 per cent). Legislation on unions (13 per cent), Government controls (11 per cent) and even corporation and other business taxes (37 per cent) are now seen as relatively

Asked what single change in economic controls or market conditions would most help their businesses now, 38 per cent said lower interest rates, followed by exchange rate stability (22 per cent) and increased demand (17 per cent). Only 3 per cent cited lower labour costs.

To 315 of 454 directors interviewed, the ability to cope with foreign-based competitors was felt to be an important factor underpinning business success, and 63 per cent felt that their company was better able to cope than in the 1970s.

Chief executives were highly critical of the provisions for educating and training young people for work in industry and commerce: 89 per cent said to meet the needs of industry; schools failed to educate people 86 per cent said education was partly to blame for poor industrial performance; and 79 per cent that the school curriculum should be reformed to provide a more vocational education.

On revitalising ailing concerns, 45 per cent preferred management buy-outs and 24 per cent takeover by a UK company, and 4 per cent by a European company.

The reasons for rejecting overseas takeovers included keeping hardworking managers who knew their business and maintaining control and profits in the UK.

On the Big Bang, only 14 per cent thought it was likely to have a beneficial effect on their businesses; 69 per cent expected it to make no difference; and 2 per cent expected a detrimental effect.

# Building society lending surges

BY DAVID LASCELLES

BUILDING SOCIETY lending is booming as never before. Figures released yesterday show that the societies promised £3.7bn in new home loans to 125,000 applicants last month. This exceeds by nearly £1bn the previous record of £2.8bn in October.

Mr Richard Weir, the Building Societies Association secretary-general, said that this surge in lending was due partly to seasonal increases. "But declining interest rates and societies' fast and efficient mortgage service probably explain most of their success in an increasingly competitive market."

In April bank base rates fell from 11.5 to 10.5 per cent, prompting a downward move in mortgage rates to below 11 per cent.

The new lending brings the societies' total commitments outstanding to £7.6bn. The rise reflects their determination to hold their own in a market where they are increasingly challenged by UK and foreign banks.

The association's figures yesterday show a recovery in the societies' net receipts from savers. These amounted to £756m, up from £657m in March, when investors withdrew money to meet the third cash call on British Telecom shares.

The societies' total receipts in April were £6.2bn, and withdrawals £5.4bn. Although the underlying trend is reasonably steady, the societies expect net receipts to fall in May for seasonal reasons.

Lloyds Bank said yesterday that its novel fixed-rate mortgage scheme had attracted heavy demand, with the total allocation of £200m taken up by 4,500 applicants. Under the scheme mortgages at 9.9 per cent fixed for the first three years were offered, allowing home-owners to take a view on how far mortgage rates would fall over that period.

● The recent intake of funds by building societies has allowed them to increase their liquid reserves, in spite of the record lending levels. The Building Societies Association said that the building societies' average liquidity ratio rose from 17.4 per cent at the end of March to 17.6 per cent at the end of April.

The association's figures show house prices rising far faster than general inflation. In the 12 months to March, average house prices rose by 11.9 per cent, to £35,935.

New house prices rose by 15.3 per cent to an average of £41,179. The association says that the underlying rate of house-price inflation is about 11 per cent, having risen from about 8 per cent early in 1985.



# Universities' extra funds may 'ward off criticism'

By Michael Dixon, Education Correspondent

THE GOVERNMENT plans to give Britain's universities an extra £180m over the next three years as part of a scheme to ward off criticism of its education policy in advance of the general election.

Proposals being examined by ministers would add about £30m, or 2 per cent, to the budgeted £1.45m total grant for the universities' recurrent spending in 1987-88.

The £1.49bn grant for 1988-89 would be increased by £60m, or 4 per cent. About £90m would be added to the grant previously proposed for 1989-90, which has not yet been officially announced.

The extra funds are expected to cushion the political effect of a statement by the University Grants Committee, due to be published within the next few days, which will warn that unless the university system is given more money three or four institutions may soon have to close.

While the increases have been mainly stimulated by anxiety to ward off further criticism of the Government's treatment of education, ministers have also been impressed by the case for extra university funding put forward in an independent report by PA Management Consultants.

The report, published a fortnight ago, said that financial problems in universities are threatening their ability to attract the most academically talented young people into careers in university teaching and research in the UK.

The salaries on offer to aspiring dons in UK universities are becoming less and less competitive with the rewards offered by industry and commerce.

● A call for increased spending on higher education in Britain was made yesterday by Mr John Cassels, director-general of the National Economic Development Office.

He told the Association of British Chambers of Commerce in Edinburgh that the UK needed to expand its output of graduates not only in engineering and science, but also in arts and social studies.

# Maxwell plan 'welcomed'

By David Brindle

PLANS BY Mr Robert Maxwell, chairman of Mirror Group Newspapers, to buy British Airways Helicopters have been given a cautious welcome by workers at the company's Aberdeen headquarters.

This follows a meeting at Aberdeen at which Mr Maxwell told staff he did not envisage any redundancies among the company's 650 employees.

BA Helicopters, part of the British Airways group, operates mainly in the North Sea oil and gas fields, it also provides passenger services between Penzance, Cornwall, and the Isles of Scilly.

In 1984-85, the division lost £2.2m on a turnover of £37.6m.

John Griffiths on a possible threat to quota deal with Japan

# Nissan sets high sales targets

Nissan cars at Wellesbourn airfield

NISSAN UK has contracted car sales targets with its dealers for this year well in excess of the import quota allowed it under the Anglo-Japanese "gentlemen's agreement."

However, an estimated several thousand Nissan cars are being stored at what is described by the company as a "temporary" compound at a Warwickshire airfield.

The presence of the cars, at Wellesbourn airfield between Birmingham and Stratford, indicates that Nissan has experienced difficulty selling the cars which it has received under its existing import quota provided by the "gentlemen's agreement."

This restricts the Japanese share of the British new car market to about 11 per cent. Nissan traditionally has been allowed about 6 per cent, representing about 105,000 cars last year. Its quota for the current year is understood to have been set at about the same as the 1985 level in twice-annual consultations between UK and Japanese motor industry representatives last month.

About a quarter of the cars at the airfield are registered. Some of the registrations go back to autumn of last year. Late last year Nissan UK registered several thousand cars although there were no final customers for the vehicles, to ensure that all its 1985 allocation was used up and that its quota for this year would not be cut.

Yesterday the company described the stockpiled cars as being "some in store for Midlands dealers, some hire cars not yet taken to the road, some are used cars. We always carry a certain amount of stock, usually kept at compounds at the docks." However, in this case, the cars had been moved from dock compounds to clear

Internal documents show that space

Nissan UK, a privately-owned company run by Mr Octav Botnar, has contracts with its dealers for this year which:

● Provide a combined target for 207 of its largest dealers to sell 125,344 cars this year. Last year these dealers sold 68,740 units.

● A further 33 medium-sized dealers have a contracted 1986 target of 9,235 cars. Last year, they sold 5,906.

The total for these two dealer categories, of 134,579, still does not take account of a third category of smaller dealers, which between them sold 30,355 units last year.

Some of these dealers are likely to have disappeared during the past year as a result of structural changes, but it appears likely that at least some additional sales would be generated during the current year by those small dealers remaining in the network.

Following the industry-to-industry talks last month it is clear that these targets could not be achieved without Nissan UK breaching the agreement in some way, or the Government allowing its relaxation. The Department of Trade and Industry has made quite clear that this will not be allowed to happen, although Nissan is to start producing cars at its Washington, Tyne and Wear plant in July.

These cars will be mainly assembled from Japanese kits, and are to be deducted from Nissan's import quota. Even if the DTI were to have a change of heart, and allow them to be counted as British and incremental to Nissan's quota, the 8,000-9,000 cars Washington expects to produce this year would do little to bridge the gap between Nissan UK's quota and its dealer targets.

Asked about the targets, a representative of Nissan UK said last night that neither Nissan UK nor Nissan intends to breach the inter industry agreement concerning the number of cars it can tell this year or in any other years.

"Sales targets set for dealers are not a legally enforceable contract. They are precisely what the word means: targets."

The total mentioned in the internal documents is similar to one given by Mr Bill Danby, a senior Nissan UK director, to a dealer meeting in March. He told the dealers Nissan UK would have 135,000 cars "available."

# Ordnance assets rule relaxed

BY LYNTON McLAIN AND IVOR OWEN

THE GOVERNMENT has given the go-ahead for the soon-to-be-privatised Royal Ordnance to dispose of up to a quarter of its assets before government agreement is necessary.

Until now Royal Ordnance would have had to seek government permission if it wanted to sell more than 15 per cent of its assets.

The change is likely to make Royal Ordnance more attractive to potential shareholders because the company has been given greater freedom over its assets.

The move was announced by Mr John Lee, Under-Secretary for Defence, in the Commons yesterday.

Mr Lee explained that the move would bring the position of the Royal Ordnance factories into line with the procedure followed in the privatisation of Cable and Wireless, Amersham International, Sealink and Jaguar.

He also poined out that 25 per cent was the level at which, under Stock Exchange rules, the agreement of the majority of shareholders was required for the disposal of its assets.

He said Royal Ordnance PLC, the company which owns the factories, was putting the finishing touches to its 1985 accounts and the extent of the progress made since the change of status would be set out in the prospectus.

Mr Lee insisted that no final decisions had been taken on the flotation and did not comment on a suggestion by Mrs Gwyneth Dunwoody, Labour MP for Crewe and Nantwich, that it would take place in July.

Seeking to allay her fears that the factories could come under foreign control, he reaffirmed that the Government was determined to ensure adequate control over foreign share holders through the creation of a special share.

He said: "We are entirely satisfied that strict vetting of share applications coupled with the provisions of the Company's Act and Royal Ordance's articles of Association, would apply, to protect the Government's position."

Mr Lee also announced it had been decided to place contracts with Royal Ordnance for the Ministry of Defence's outstanding requirements in 1986-87 for 5.56 mm and 7.62 mm ammunition.

The ammunition would be produced at the Royal Ordnance factory at Radway Green, Cheshire, and the value of the contracts would be about £35m.

These contracts were in addition to orders already placed at the Radway Green establishment and discussions were continuing with the company concerning requirements for the two subsequent years.

# Vickers bids to run naval dockyard

By Andrew Fisher, Shipping Correspondent

VICKERS, the newly privatised warship yard in Cumbria, is joining forces with Foster Wheeler of the US to bid for the management of the naval dockyard at Devonport, in south-west England.

The British Government had told Foster Wheeler it would have to link up with a British concern if it wanted to be considered.

The two companies said yesterday they had been invited to tender. They join 10 other groups which have been asked to bid for seven-year contracts to manage Devonport or Rosyth in Scotland.

The Government's plans to privatise management of the two yards, aimed at boosting efficiency and saving money, have come under fire from politicians and unions.

Last month, the influential all-party Public Accounts Committee expressed disappointment that more than two-thirds of the yards' refit work would still be placed without competition.

The two dockyards carry out work worth about £500m a year refitting naval vessels, including Polaris submarines. They employ 18,800 people, mostly at Devonport.

Competing with Vickers and Foster Wheeler for the Devonport contract will be the present management and a consortium of Trafalgar House, Plessey Marine, and A. & P. Appledore.

Invited to bid for the Rosyth contract are a consortium of Babcock International and Thorn EMI Electronics; another of Balfour Beatty and Weir Group; Northern Engineering Industries; and Press Offshore.

Names of the successful bidders will be announced by the end of the year.

# Howe demands US help to fight IRA

BY MARK MEREDITH, SCOTTISH CORRESPONDENT

SIR GEOFFREY HOWE, the Foreign Secretary, yesterday demanded US support in fighting the IRA in return for Britain's backing over the US bombing of Libya.

His comments to the Scottish Tories' annual conference in Perth indicated continued British irritation over the difficulty of repatriating suspected IRA guerrillas from the US where the powerful Irish lobby considers them political refugees.

"Just as we gave you our support in the deterrence of Libyan terrorism so we look to you, the US, for your support in the deterrence of Irish terrorism here in the UK," he said.

Sir Geoffrey added there was nothing anti-American about trying to change American policy. "We do it all the time." The three-day conference under heavy police guard in Perth Town Hall was somewhat muted by heavy Conservative losses in last week's by-elections and local government elections in which the party lost control of all three of its Scottish regions.

Speakers acknowledged problems among the electorate but attributed them to communications weaknesses rather than problems of policy. There were repeated demands for greater efforts to sell the Tory message.

Equal amounts of rhetorical vitriol were reserved for the Alliance and the Labour Party in many speeches.

Mr George Younger, the Defence Secretary and former Secretary of State for Scotland, defended the Government's recent white paper outlining spending cuts for the military.

He said no one could expect the Government to continue forever the anual increase in defence spending and some parts of equipment procurement might have to be slowed down.

Mr Younger warned that Labour Party policies to rid the country of the Polaris and Trident submarine deterrents would threaten 6,000 jobs at Rosyth Naval Base.

Elsewhere in his speech he said it was uncivilised for the Soviet Union to have stocks of chemical weapons when Britain was pressing for a world ban.

## APPOINTMENTS

# Managing director of RIBA Insurance

Mr Neil Pepperell has been appointed managing director of RIBA INSURANCE, a new company set up to investigate the insurance needs of practising architects, particularly in respect of professional indemnity. The new company has been set up by the RIBA under the chairmanship of Mr Gordon Graham, past president of the Institute.

★

Mr Peter Camber and Mr Stuart Clark have been appointed to the board of EXTEL FINANCIAL AND BUSINESS SERVICES. Mr Camber will be responsible for all EFBS investment management and accounting services, with particular responsibility for the development of new or replacement services. Mr Clark will head the EFBS database services. Mr Brian Cooke has been appointed to the board of Extel Computing as director responsible for the investment accounting service, including development, production and support. Mr Peter Cullum has succeeded Mr Michael Edwards as managing director of MGE Systems. Mr Edwards becomes a consultant on a part-time basis.

★

QUILTER GOODISON COMPANY has appointed Mr Percy Lomax as a divisional director from early August. Mr David Pollock who is currently working with Mr Lomax will also be joining Quilter Goodison as a senior analyst.

★

CEMENTATION CONSTRUCTION, UK civil engineering arm of the Trafalgar House Group, has made several changes to its executive management structure. The senior appointment is that of Mr Eddie King as deputy managing director. Cementation Construction has also regionalised into northern and southern areas of the UK with Mr Howard Maylard becoming regional director for Scotland and the north, and Mr Mike Casebourne taking similar responsibility for all southern regions.

★

New president of the BRITISH ASSOCIATION OF REMOVERS is Mr Ted Philp of Briggs of Louth.

★

Mr John Cross has been promoted from finance director to group managing director, and Mr David Elliott will become deputy managing director of WORDPLEX INFORMATION SYSTEMS.

★

BRITISH SYPHON INDUSTRIES has appointed Mr Geoffrey C. B. Harrison as managing director of The East Lancashire Paper Mill Co, a wholly-owned subsidiary. He joined the company on May 1 and takes over from Mr C. J. Shaw, the group managing director, who has run East Lancs since it was acquired in December 1984. Mr Harrison was managing director of James Halstead.

★

The council of the INSTITUTE OF STATISTICIANS has elected Dr L. W. G. Tutt chairman for the 1986-87 session.

★

The new board of BERGER INDUSTRIAL COATINGS, Dagenham, is: chairman Mr Bill Collins; managing director Dr Ed Hough; operations director Dr David Montgomery; technical director Mr Bruno Giordan; finance director / secretary Mr Peter Tape; with Mr Geoff Weightman finance director, Berger Britain, Mr Hans Kueppers director-general industrial/Permatex, Herberts, and Mr Rolf Jansson director of vehicle refinishing, Herberts, as non-executive director. The two executives from Herberts, the Hoechst-owned German paint company, joining the board recognises the intention of BIC to co-operate closely with its German associate in the areas of marketing and technology.

★

The FELLOWSHIP OF ENGINEERING has nominated Sir Denis Rooke, chairman of the British Gas Corporation, to succeed Viscount Caldecote as president of the fellowship when Lord Caldecote retires at the end of his five years' term on July 2.

★

Mr Julian R. Martin Smith has joined the boards of EAST HOLDINGS and its banking subsidiary East Anglian Securities Trust, and been appointed chairman of both companies. He retired as senior partner of stockbrokers Rowe and Pitman in April 1979. He is currently chairman of River Plate and General Investment Trust and is a director of Hambros, Smith St Aubyn (Holdings), Philip Hill Investment Trust and a number of other companies.

★

CHESTERTONS has created a unit which will specialise in property investment and financing. It will be headed by Mr Malcolm Yeulet. He was for many years joint managing director of Berkely Hambro Property Company. Following the sale of Berkely Hambro, Mr Yeulet was with the British Land Company.

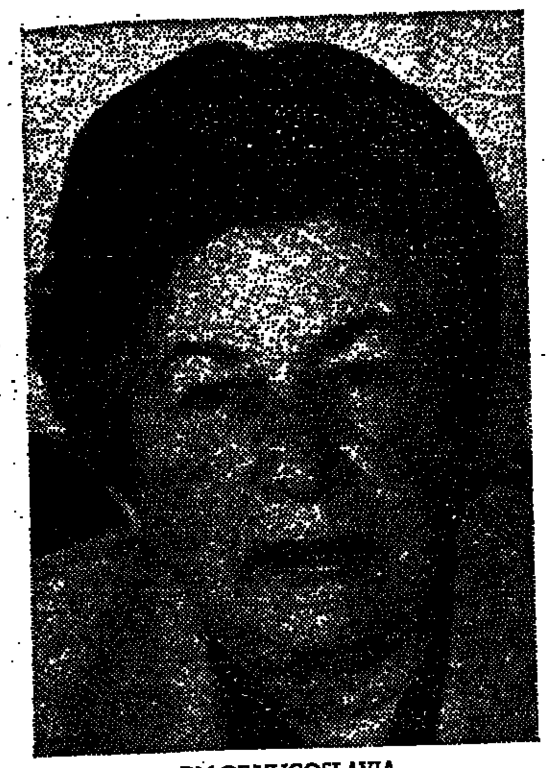
# Changes at IDC Group

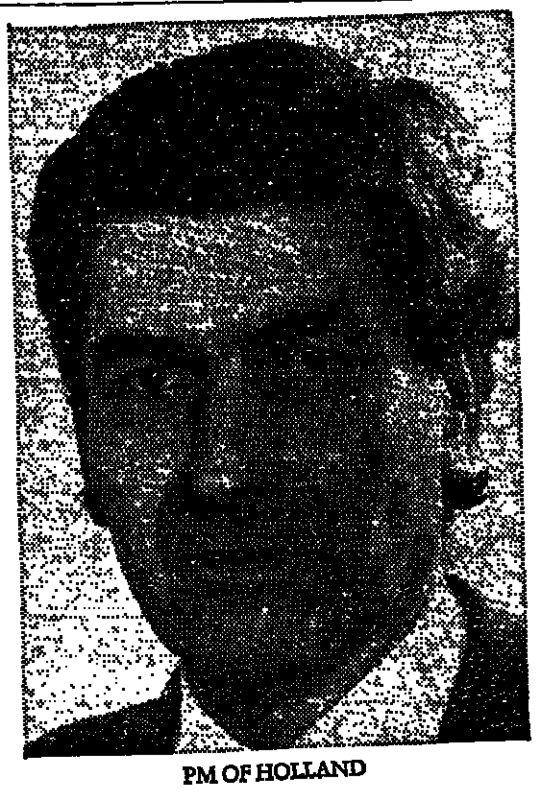
Mr Ted Roberts is to retire as chief executive of the IDC GROUP on June 16. Mr L. P. Whitting has been appointed chief executive designate, taking over on June 16. Mr Jim Brown, previously managing director, becomes deputy chief executive. Mr Richard Chamberlayne, Dr Roger Downham and Mr Michael Stanton have been appointed directors of the group. From June 1 Mr Trevor West, finance director of Matthew Hall, joins the board and Mr Michael Holliday relinquishes his directorship.

★

Mr Gordon Green, managing director of Giselle, is the new chairman of the INTERNATIONAL FASHION HOSIERY ASSOCIATION.


PRESIDENT OF FRANCE


PM OF YUGOSLAVIA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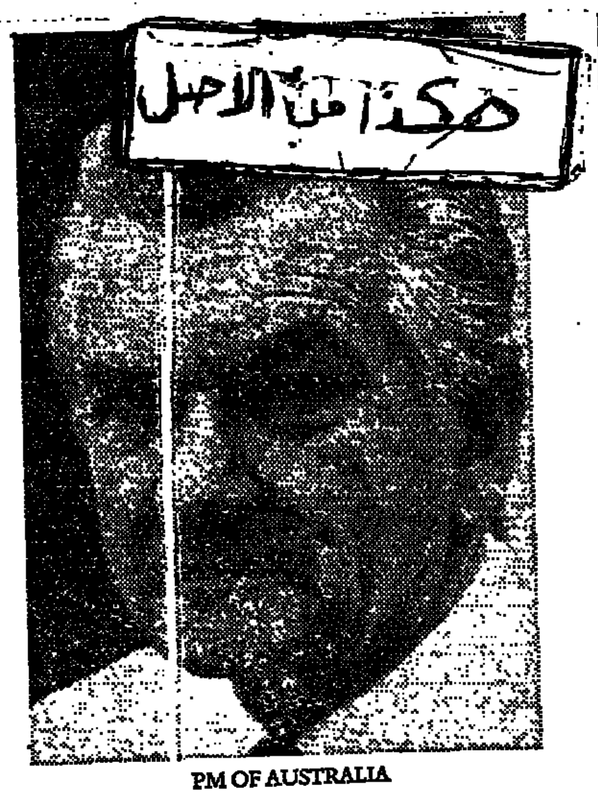
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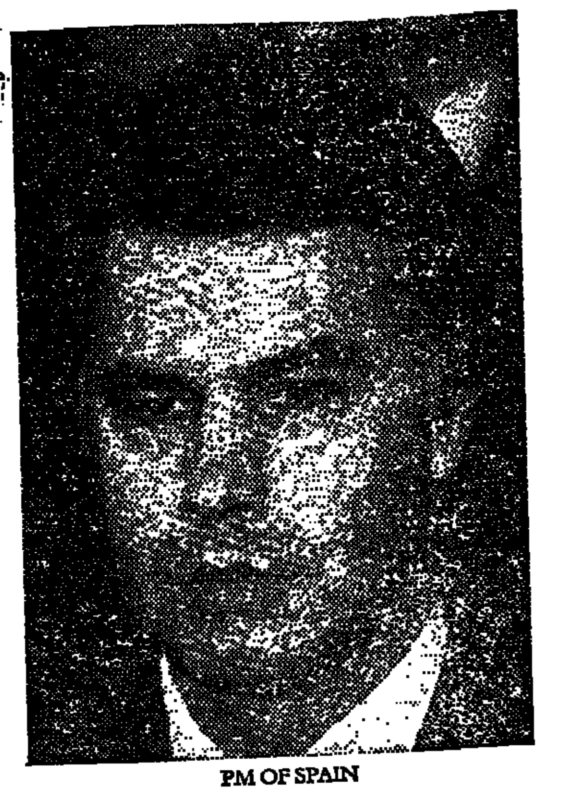
PM OF SPAIN

# Five people who don't want to see your signature at the bottom of this page.

The country that hosts the 1992 Olympics stands to gain an estimated £3 billion boost to its economy.

Paris, Belgrade, Amsterdam, Brisbane and Barcelona are all contenders.

But Birmingham, Britain's candidate city, is hotly tipped.

With years of staging international events at the National Exhibition Centre, Birmingham is arguably the most experienced of all the competing cities to handle the 1992 Olympics.

In fact, we stand a very good chance of bringing the games to Britain if we can get over one important hurdle.

We have to raise enough money to put our case to the International Olympic Committee in October. To do this we need the support of British businessmen.

If knowing that you've helped bring the Olympics to Britain isn't enough to persuade you, perhaps you'll be swayed by a few statistics.

The Olympics are shown on 54 TV stations in 45 countries. They will also be covered in almost every newspaper and magazine printed. What better way to get your company's name across?

Now imagine the impact a £3 billion influx of cash would have on the shops, hotels, restaurants and many other businesses in the heart of England.

And it's not only Birmingham and the Midlands that will benefit.

The rest of Britain has almost as much to gain. The millions of visitors who will flock to see the games will generate revenues for business of all kinds throughout Britain.

If you'd like to find out more, just complete the coupon. And help Britain win the first race of the 1992 Olympics.

I am interested in finding out more about how I and my company can help bring the Olympics to Britain. Please post this coupon to: J. Munn, Birmingham Olympics Office, 110 Colmore Row, Birmingham B3 3AG.

Company Name ______________________

Your Name ______________________

Address ______________________

______________________ Tel: ______________________

BIRMINGHAM
1992

# Post Office staff to call strike ballot on pay offer

BY DAVID THOMAS, LABOUR STAFF

THE Union of Communication Workers is to call a strike ballot of its 140.000 postal workers after rejecting the latest pay offer from the Post Office.

The Post Office this week increased its offer to 5.25 per cent on basic rates, on condition that the earnings structure is revised, reducing the overall cost of the payroll to 4.8 per cent.

The UCW executive, meeting in Bournemouth before its annual conference, which starts tomorrow, voted unanimously to reject the offer and seek authority from the conference for a strike ballot. This authority is almost certain to be granted.

UCW leaders believe the offer is out of line with other offers made in the public sector, such as that of 6.2 per cent to electricity manual workers, 6 per cent to civil servants and 5.7 per cent to teachers.

Mr Alan Tuffin, UCW general secretary, said he was extremely angry that the Post Office had increased the new money on offer by only 0.3 per cent. The Post Office's previous offer was of 4.5 per cent on basic rates.

At the same time, Mr Tuffin said he would seek a further urgent meeting with the Post Office. The Post Office said last night it would be ready to meet.

The Post Office added: "Our offer is to increase basic wages by 5.25 per cent against a rate of inflation 2 per cent lower. That can hardly be called derisory."

The basic pay for postmen is £107 a week (£135 in inner London). Their average earnings are £178 a week (£205 in inner London).

Sorters' basic pay is £123 a week (£151 in inner London) and their average earnings are £213 a week (£240 in inner London).

• The Post Office has offered an increase of 4 per cent on basic rates to 8,000 engineers represented by the National Communications Union and 4.25 per cent to 1,000 clerical workers represented by the same union.

# Labour seeks trade unionists' backing

BY PHILIP BASSETT, LABOUR EDITOR

LABOUR SHADOW cabinet member Mr John Smith yesterday appealed to trade unionists for their support at the next general election.

Mr Smith, the party's chief trade and industry spokesman, was speaking to the engineering conference in Scarborough of the EETPU, the electricians' union. His comments further illustrate, in the wake of the launch of its Freedom and Fairness campaign, Labour's new appeal to relatively prosperous skilled workers in employment for support.

In a wide-ranging speech restating the party's alternative industrial and economic policies, Mr Smith said Labour had lost the 1983 general election because too many trade unionists had lost confidence

Asking for their votes, he said: "I hope we have earned the right now by the changes we have made and the way the party is being run to ask for that confidence to be returned."

Mr Smith earned EETPU delegates' approval with a strong attack on the Militant Tendency. Forecasting that it was "only a matter of weeks or months that the pestilence called the Militant Tendency is firmly put in its place."

He also criticised Government policies that had led to the latest round of industrial redundancies, particularly in shipbuilding, charging the Government with "negligence of the highest nature."

# Arbitration deal ends ferry strike

By Mani Deb

A COMPROMISE deal on arbitration and secret ballots before future industrial action paved the way for a return to work by Townsend Thoresen ferry crews at Felixstowe on Monday after a 10-week dispute.

The peace formula calls for disputes to be conducted through a conciliation and mediation process. If this fails, the Advisory, Conciliation and Arbitration Service will give a non-binding arbitration, which will be put to a secret postal ballot conducted by the Electoral Reform Society.

If members reject the arbitration, a second postal ballot will be held on industrial action.

The call for binding arbitration had been resisted by the National Union of Seamen.

The dispute—over new manning levels and the loss of 88 jobs when smaller ferries are introduced on the service to Zeebrugge, Belgium—was settled on Thursday night after lengthy negotiations and an ultimatum by the company that the services would be closed and all staff dismissed unless there was a settlement by next Monday.

The company said last night that talks were continuing to finalise the settlement, although the union has called for a return to work on Monday.

# Poll on one-union deal at Wapping possible

BY OUR LABOUR EDITOR

NEWS INTERNATIONAL, the Rupert Murdoch newspaper group, is considering balloting its Wapping workforce over its continued insistence on a single-union agreement at the plant.

This would be an attempt to break the deadlock over one important issue in the dispute.

Under the aegis of the TUC the unions have proposed that the company should not recognise any union or unions, but that recognition should be vested in a joint committee.

The company has rejected this, and insists instead on retaining the principle of a single-union agreement.

In line with this, senior News International managers have privately told print union officials that as one possible way of breaking the deadlock which the dispute has reached, the issue of union representation could be put to a ballot of the Wapping workforce.

On the basis of the ballot results the company might then tell the print unions that it intended to recognise only that union for which the workforce had voted, and that a decision in the light of the TUC view and the single-union proposals would be a matter for those unions.

The company has made clear that while it would not recognise more than one union after a ballot, it would have no objection to employees being members of unions other than the "recognised" union.

Accordingly, if the unions worked out between themselves arrangements whereby members might keep their union cards and officials of other unions have access to them on individual grievance cases, such an arrangement might satisfy both News International and the TUC's own provisions on single unionism.

A principal stumbling block to the scheme might be the prospects of reaching such an agreement. Since the majority of the workforce are members of the EETPU electricians' union, that union might be considered favourite to win the ballot. The other unions might be unwilling to accept this.

# UDM set to benefit from pit consultation changes

BY HELEN HAGUE, LABOUR STAFF

THE National Coal Board's proposals to overhaul the industry's long-standing consultation machinery would, if adopted, guarantee the breakaway Union of Democratic Mineworkers representation on pit and area committees where it has a majority membership.

The proposals, sent to mining unions, outline radical changes to consultative machinery at national, area and pit level, with a shift to more direct communication between colliery managements and workforces.

The draft constitution of the national level body contains a clause allowing the board to review the rules and make-up of all three levels of the machinery "from time to time."

Initially, it proposes that the National Union of Mineworkers, the UDM, the pit deputies' union Nacods and the colliery managers association BACM should have two national representatives each, with the clerical workers' union Apex holding one seat.

The body would provide a forum for consultation on health and safety, the business objectives and performance of the industry and ways of improving efficiency and results.

Additional issues "of a national character" excluding employment terms and conditions and pit closures could be raised. The coal board chairman would decide whether items tabled for discussion by the unions fell within the remit.

At pit level, only the union representing the majority of workers would have guaranteed seats. The colliery manager would have discretion to appoint "observers" from other unions where he deemed it appropriate. They would be allowed to take part in the discussion if the pit manager invited them to.

A proposal to elect five members to the pit level committee representing main grades of workers by a manager initiated ballot is also proposed. Those elected would only be able to serve one year's office and would have to be on the pit payroll.

The proposals will be resisted by the NUM, which sees them as giving the board scope to favour the UDM at the expense of NUM members.

There is widespread belief within the NUM that UDM members might be granted observer status at pits where the union was in a minority, but that the invitation would not be extended to the NUM in Nottingham and South Derbyshire, where the breakaway union has recognition rights.



# Plea on coal talks scheme

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

THE FUTURE of the coal industry's 40-year-old negotiating and conciliation machinery is at stake in a High Court hearing which began yesterday.

The National Coal Board asked the court to rule that the negotiation scheme had been frustrated by the arrival in the coalfields of the Union of Democratic Mineworkers (UDM).

The board also wants a ruling that its unilateral decision to end the scheme on May 31 is lawful.

The National Union of Mineworkers contends that the two-tier scheme remains in operation and can be ended only by mutual consent.

Mr Conrad Dehn, QC, for the NCB, told Mr Justice Scott that when the 1946 scheme came into existence, setting up a joint national negotiating council and a national reference tribunal to settle disputes, the NUM was effectively the only union in the industry.

Both sides had agreed that the tribunal's rulings were not legally enforceable but were binding in honour only.

After the UDM was formed last year it sought direct negotiations on pay with the NCB. The board recognised that would be inconsistent with the scheme, but believed it had a duty to consult any organisation representing a substantial body of miners.

The NUM objected and referred the matter to the tribunal, contending that the 1946 scheme had not been frustrated but was still in force—and legally binding. The board contended that the tribunal could not consider the matter.

The hearing continues on Monday.

## BASE LENDING RATES

| | % | | % |
|---|---|---|---|
| ABN Bank | 10½ | Financial & Gen. Sec | 10½ |
| Allied Dunbar & Co | 10½ | First Nat. Fin. Corp. | 11½ |
| Allied Irish Bank | 10½ | First Nat. Sec. Ltd | 11½ |
| American Express Bk. | 10½ | ● Robert Fleming & Co. | 10½ |
| Amro Bank | 10½ | Robert Fraser & Ptrs | 11½ |
| Henry Ansbacher | 10½ | Grindlays Bank | ‡10½ |
| Associates Cap Corp | 11 | ● Guinness Mahon | 10½ |
| Banco de Bilbao | 10½ | ● Hambros Bank | 10½ |
| Bank Hapoalim | 10½ | Heritable & Gen. Trust | 10½ |
| Bank Leumi (UK) | 10½ | ● Hill Samuel | §10½ |
| Bank Credit & Comm | 10½ | C. Hoare & Co. | 10½ |
| Bank of Cyprus | 10½ | Hongkong & Shanghai | 10½ |
| Bank of Ireland | 10½ | Johnson Matthey | 10½ |
| Bank of India | 10½ | Knowsley & Co. Ltd | 11 |
| Bank of Scotland | 10½ | Lloyds Bank | 10½ |
| Banque Belge Ltd | 10½ | Edward Manson & Co | 11½ |
| Barclays Bank | 10½ | Meghraj & Sons Ltd | 10½ |
| Beneficial Trust Ltd | 11½ | Midland Bank | 10½ |
| Brit. Bk. of Mid. East | 10½ | ● Morgan Grenfell | 10½ |
| ● Brown Shipley | 10½ | Mount Credit Corp. Ltd | 10½ |
| CL-Bank Nederland | 10½ | National Bk. of Kuwait | 10½ |
| Canada Permanent | 10½ | National Girobank | 10½ |
| Cayzer Ltd | 10½ | National Westminster | 10½ |
| Cedar Holdings | 12 | Northern Bank Ltd | 10½ |
| ● Charterhouse Japhet | 10½ | Norwich Gen. Trust | 10½ |
| Citibank NA | 10½ | PK Finans. Intl (UK) | 11½ |
| Citibank Savings | ¶10.75 | Provincial Trust Ltd | 11½ |
| City Merchants Bank | 10½ | R. Raphael & Sons | 10½ |
| Clydesdale Bank | 10½ | Roxburghe Guarantee | 11 |
| C. E. Coates & Co. Ltd | 12 | Royal Bank of Scotland | 10½ |
| Comm. Bk. N. East | 10½ | Royal Trust Co. Canada | 10½ |
| Consolidated Credits | 10½ | Standard Chartered | 10½ |
| Continental Trust Ltd | 10½ | Trustee Savings Bank | 10½ |
| Co-operative Bank | *10½ | United Bank of Kuwait | 10½ |
| The Cyprus Popular Bk | 10½ | United Mizrahi Bank | 10½ |
| Duncan Lawrie | 10½ | Westpac Banking Corp. | 10½ |
| E. T. Trust | 11½ | Whiteaway Laidlaw | 11 |
| Exeter Trust Ltd | 11 | Yorkshire Bank | 10½ |

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Stable *a.* Firmly fixed or established; not easily to be moved or changed or unbalanced or destroyed or altered in value; firm, resolute, not wavering or fickle.

With acknowledgements to the Concise Oxford and Webster's dictionaries

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Saturday May 17 1986

# Flowers that wilt in spring

THE WORLD is currently suffering something of an industrial recession. Output in the latest three months has been falling in a whole list of significant economies — very sharply in France, at an annual rate of about 3 per cent in West Germany and Japan, and at about half that rate in the UK (though the manufacturing figures are much worse).

The world's investors seem to have been largely unprepared for this news, and there have been sharp corrections in London and Tokyo, and also in New York, where sluggish though positive growth figures, combined with monetary worries, have stifled the previous speculative euphoria. However, German confidence remains robust, while in Paris the political celebrations continue.

The developments in the real economy should not have occasioned so much surprise as they have if investors in a bull market, and some of the commercial forecasters close to the market, were not inclined to view the facts through rose-coloured glasses.

### Bullish factors

The collapse in oil prices seems to have been viewed entirely in terms of enhanced profits and personal incomes among oil consumers. The very sharp cuts in profits and near-standstill in investment in the industry itself, and the cuts in imports by countries which live on primary exports, seem to have been overlooked by the markets, though not by international bodies and the more sophisticated forecasters.

It now seems clear that, as usually happens when there is an abrupt change in the structure of demand, the losers have adjusted more promptly than the winners. This has led to the more recent consensus that world demand would turn down before it turned up; indeed it now seems that even in the US, despite the stimulus of a competitively-valued dollar, the growth recession has been prolonged. Investors and voters, who had not expected this wobble, now seem to suspect a change of trend.

### Benign neglect

In fact, however, there is no reason at this stage to discount the quite modest growth forecasts—about the same as in 1985 — which were produced earlier this year by the International Monetary Fund and the OECD. Two of the bullish factors are still clearly visible: real consumer incomes are sharply up in nearly all developed countries, and inventories for the most part remain lean. The warning signs, such as they are, are financial rather than real.

The explosion in monetary growth which is being experienced not only in the UK, but in the US and indeed in the normally highly disciplined German system, is worrying bond markets and central bankers in most countries. It is a reminder of the 1970s — the last period when the US practised benign neglect of a sharply weakening dollar—and the technical posture is much the same.

The US pursues a relaxed policy but the dollars so created are exported on a large scale through the US current deficit. Foreign central banks are constrained to buy these dollars to protect their own competitiveness, and so put more of their own currencies into circulation.

The consequent monetary inflation seems still to be much less than a decade ago, but it is more visible; in the 1970s liquidity built up in the Euromarkets, where nobody acknowledged any parenthood, but this time it is in domestic markets.

In one respect, however, the present replay of monetary history is more sinister: the US is actually engaging in a form of monetary aggression, designed to compel Germany and Japan to expand through monetary means if they refuse to adjust their fiscal policies.

For the time being, therefore, the promised deal in real interest rates seems to be postponed; indeed, real rates have been rising rather than falling, since inflation rates in nearly all countries (again including the UK) are falling faster than money rates.

This does not seem to be impeding a recovery in the residential property market, both here and in the US, as banks are anxious to switch their exposures into mortgage securities, but it will continue to discourage long-term investment and industrial stockbuilding. The expected recovery rests very much with consumer spending.

### Cash calls

This recovery is still probably on track worldwide, though the precipitate fall in the dollar, coupled with the sharp fall in transatlantic tourism, will benefit activity in the US at the expense especially, of Europe. However, stock markets may well take longer to recover any momentum.

Apart from the sharp shock to bullish sentiment, the markets face some heavy cash calls from financial intermediaries, which are still under-capitalised, from French and British privatisation, and from those parts of the corporate sector which have been borrowing most aggressively.

UK HOME LOANS

# Doubts in the lending spree

THE marketing man from the Pru was euphoric. Earlier this week, in Warwickshire, he lent £28,000 to the Turner family to buy a three-bedroomed semi in Leamington Spa.

A "super little couple," according to the Pru, they collected the one hundred millionth pound lent out through the UK's largest life assurance company in the most recent phase of its seven month old foray into the mortgage market.

Barely a month ago, the men from the Pru completed the last of their "rolling regional roadshows" which opened each section of the nation to Pru-packaged home loans. Nothing, it seems, can stand in the way of its army of salesmen and television advertising as the Pru marches towards its target of £1.5bn in mortgage origination this year.

Nothing—except competitors who, in the words of one slightly bemused banker, are "lending like there is no tomorrow."

By now, it is conventional wisdom that building societies and their rivals are fighting a war for the more than £40bn of new home loans expected to be granted in 1986. Banks, life companies and US-backed mortgage banks have pushed the societies into relaxing lending criteria — and unleashed interest rate competition for new borrowers.

Likewise, a battle for savers' money has bid up investment rates, narrowed profit margins and set off a rush to increase the volume of lending. Building societies want to expand their customer base because in 1987 new legislation will give them powers to sell broader financial services such as personal loans. The post-Budget fall in interest rates — which has further squeezed mortgage lending profits — has added to the heat.

Away from the battleground, however, there are some anxious voices. Mr Roy Cox, chairman of the Building Societies Association, issued a public warning 10 days ago about the dangers of unwise lending.

"It will be a very entertaining year," says Mr Peter Burt, a divisional general manager at the Bank of Scotland. "But there will be tears at the end of it. The tragedy is that the tears will be from the people least able to cope."

True, hardly anyone is predicting that lenders could actually collapse under the weight of mortgage defaults—except Quilter Goodison, the stockbroker, which has predicted the demise of some building societies.

At face value, the BSA's figures show little cause for alarm. Since 1979, building society arrears have risen steadily—an increase usually attributed to unemployment and marital breakdown. But by 1985, the number of loans six to 12 months in arrears had reached only 41,900—or 0.74 per cent of outstanding accounts.

Arguably those figures underestimate the problem.

A survey by Janet Ford, senior lecturer in sociology at Loughborough University of Technology, based on data from 21 building societies, showed that in March 1983 there were 36,108 borrowers six months or more in arrears, and 84,252 who were three, four or five months in arrears—a total of 120,360.

By March 1985, the figures had gone up to 57,000 borrowers in arrears for six months or more and 97,000 in arrears for three, four, or five months—a total of 154,000, or 2.38 per cent of outstanding loans.

The situation is eased by the fact that the Government pays in full mortgage interest owed by the unemployed. But this safety net looks a bit ragged after this week's Government proposal to reduce the payments byl half for the first six months a mortgagee is out of work

In practice, says Professor Valerie Karn of Salford University, one of the authors of the National Consumer Council's 1985 report on mortgage arrears, the system is already shaky: the DHSS pays the interest to the claimant, who may be forced to dig into it for basic living needs before paying it to the lender.

Another interesting, though only slightly related anxiety concerns the possible risks to home buyers from a secondary mortgage market trading in home loans packaged as securities. Mr John Patten, the Housing Minister, expressed his concern about this last week.

Just what is meant by those who accuse the home loans industry of imprudence is not, however, altogether clear. Anecdotal evidence suggests a number of points: lending 100 per cent without a full valuation; allowing the consumer to borrow more than the equity and use the difference to buy consumer goods which depreciate rapidly in value; failing to advise a low-income, first-time buyer on the hidden costs of home ownership, or inadequate investigation of borrowers' financial status, such as checking bank references or details of other consumer debts. Some think that the new standard practice of lending three times the borrower's principal income imprudent by definition.

One building society which has already drawn in its horns—chiefly in response to the arrears problems—is the Cheltenham and Gloucester.

Performance tables ranking leading national societies in order of asset growth, productivity and management efficiency consistently put the C and G first. But it has moved away from risky, 100 per cent loans towards servicing higher net worth individuals.

"Our board took a prudent approach," says Mr Richard Hatt, an assistant general manager. "We had a period when we wrote a lot of new business and our arreas susceptibility increased."

As a result, the C and G's chief mortgage product is now its Goldloan—with a very competitive rate of interest (10.75 per cent) but limited to 75 per cent of the property price.

The C and G, however, is moving in the opposite direction to many of its rivals. According to Mr Roger Boden, a director of Kleinwort Benson, a merchant bank with its own mortgage book: "It seems to me patently obvious that a lot of competition is being channelled into more permissive lending standards."

One thing which is beyond doubt is the remarkable speed at which some institutions are building their mortgage portfolios.

Midland Bank is approving new mortgage lending at a rate of £7m to £10m each day—with the help of a special offer of a temporary 10.5 per cent rate. National Westminster Bank's daily figure is now about £8m (a figure it thinks not unusual for this time of year).

The Nationwide Building Society, the UK's third largest, approved a record £340m in March—and then pushed up to £483m last month. Overall, building society lending approvals reached £3.6bn in April—or £800m more than in the previous record month. The banks are pushing the building societies and the building societies are pushing the banks. Or so it seems.

Mr John Pegg, manager of NatWest's Birmingham-based home loans division, argues that the banks chiefly want to claw back mortgage market share they have lost since 1982. In that year, the clearers captured 26 per cent of the new loans market, as opposed to 20 per cent expected by the BSA this year.

If they wished, the clearing banks could use their branch networks and deep penetration of the savings market to take half the country's mortgage business, according to Mr Patrick Frazer, banking analyst with Laing and Cruikshank, the stockbrokers — but the clearers' own targets for this year, of £1bn to £2bn each, suggest less grandiose designs.

US banks—active in UK home loans for nearly a decade—are also less bullish about lending growth this year. Citibank Savings has moved steadily down-market, and now offers minimum mortgage advances of £5,000—but expects not to lend much more than in 1985.

There is no doubt that if the pessimists turn out to be right about the growing risks in the mortgage business, it will be the building societies, not the banks, who will be hurt most.

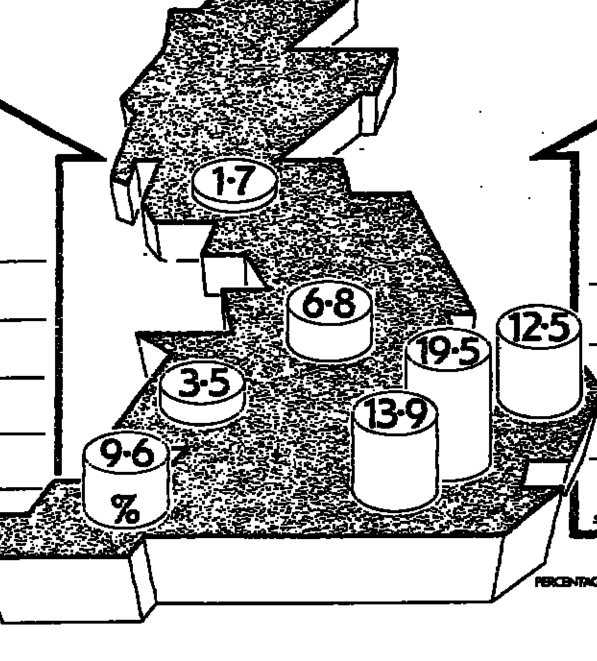
**Nick Bunker**

RISING PRICES: the last year

BUILDING SOCIETIES: LENDING

| | Number of new advances (000s) | Amount of new advances (£m) |
|---|---|---|
| 1976 | 715 | 6,117 |
| 1977 | 737 | 6,889 |
| 1978 | 802 | 8,734 |
| 1979 | 715 | 9,103 |
| 1980 | 675 | 9,614 |
| 1981 | 736 | 11,991 |
| 1982 | 861 | 15,339 |
| 1983 | 950 | 19,263 |
| 1984 | 1,083 | 24,034 |
| 1985 | 1,073 | 26,220 |
| 1986* | — | 30,000 |

* Building Society Association Forecasts.




Source: Halifax Building Soc.

BUILDING SOCIETIES: ARREARS

| End of Dec | Dwellings taken into possession by bldg soc | Loans 6-12 months in arrears | Loans 6-12 months in arrears as percentage of outstanding loans |
|---|---|---|---|
| 1976 | 4,300 | 13,870 | 0.30 |
| 1977 | 4,070 | 14,070 | 0.29 |
| 1978 | 3,590 | 9,730 | 0.19 |
| 1979 | 2,530 | 8,420 | 0.16 |
| 1980 | 3,020 | 13,490 | 0.25 |
| 1981 | 4,240 | 18,720 | 0.34 |
| 1982 | 5,950 | 23,790 | 0.42 |
| 1983 | 7,400 | 25,880 | 0.43 |
| 1984 | 10,950 | 41,900 | 0.66 |
| 1985 | 16,590 | 49,100 | 0.74 |

Source: Building Societies Association

Brana Redovic

# SIGNS THAT THE HOUSE PRICE SURGE MAY BE SPREADING

THE RISE in house prices in London and the south east is showing signs of spreading to the north and Midlands.

House prices were rising at 20 per cent in the first quarter of the year in London and 14 per cent a year in the rest of the south east, following a three-year period in which they have risen by 52 per cent and 39 per cent respectively.

This compares with rises of 15 per cent over the last three years in the northern region, and 19 per cent in Yorkshire and Humberside.

According to the Royal Institution of Chartered Surveyors, estate agents even in depressed Yorkshire are seeing the "liveliest market for years."

"I can't see a single reason why house prices should come down given the conditions we've got," says Mr Adrian Coles, head of economics at the Building Societies Association.

The main reason for the current house price surge in London and the south east is the demand fuelled by high City salaries in a market where supply is restricted because new building is tightly controlled in an already heavily built-up area.

The average price of a pre-1919 terrace house in London is £57,656 according to the Halifax Building Society. The average London detached is selling for £115,549.

"Conveyances of £400,000 are not unusual," says Mrs Leah Josse, of the north London solicitors Judith, Walker Tayar. "And it's an interesting thing. The people paying these high prices are mainly young. It's just like if you start looking inside Rolls Royces you keep seeing 30-year-olds. Clients buying these expensive houses are all young City types with golden hellos; that and people who've inherited their parents' houses."

The inheritance factor is increasingly important; expansion in home ownership which started in the 1950s means there are increasing numbers of people wanting to sell a parent's house and put the money back into what is widely seen as one of the best investments available.

Although economists have long puzzled over the British ability to maintain a trend of rising real house prices, in spite of persistently positive real interest rates, an analysis of the returns on housing as an investment carried out by the Nationwide Building Society seems to prove homeowners are right to have confidence in that investment.

The Nationwide's analysis shows that the rate of return on a house sold in 1985 after a 15-year occupation could work out as high as 25 per cent a year.

The only other investment which came near to matching such long-term home ownership was a 15-year investment in gold, which earned 23 per cent; the highest return on shares, according to the Nationwide's formula, was 19 per cent, for an investment made in 1980.

Even in the north, where prices have been rising much less rapidly than in the south—15 per cent over the last three years compared to the south-east's 39 per cent—the long-term return on property still worked out at 13 per cent a year over the last 10 years.

The figures help explain why, in the words of Mr Tim Melville-Ross, the Nationwide's chief general manager, "the number of first time buyers coming on to the market shows no signs of dwindling, and with falling mortgage rates and the ready availability of finance more people will keep coming on to the market and putting more upward pressure on prices."

Mr Melville-Ross is confident the price increase will last. "House prices are not yet expensive compared to earnings and there will continue to be scope for increase," he says. "I predict an average rise of 10 per cent in prices in the year, with a 15 per cent rise in the south and 20 per cent in Greater London."

But even though the estate agents in the north and west are now finding the market more buoyant, the rapid growth in house prices in the south has created a divide which is likely to become permanent.

"All the trends show the north and south continuing to be driven apart," says Mr Ian Lumsden, planning manager of the Halifax.

**Joan Gray**

## Man in the News

James Fletcher

# Mormon with a rescue mission

By Nancy Dunne in Washington

AFTER four days in the job, the steel flashed in the otherwise mild-mannered demeanour of the new head of America's National Aeronautics and Space Administration.

Tersely, Dr James Fletcher dismissed a White House proposal to end commercial shuttle missions. "While I am administrator of Nasa that will not happen." Or, he said, "They could let me go."

When he digs in his heels, the distinguished physicist can speak from a position of unassailable strength. He did not particularly want to return for a second stint as Nasa administrator amid the turbulence which has shaken the space agency since the shuttle disaster.

Dr Fletcher was enjoying the life he had led since leaving Nasa in 1977—as a professor at the University of Pittsburg and heading his own consulting company in Virginia. But the President had said he was needed, and that was that.

His detractors say he only got the job because Senator John Glenn, a former astronaut, did not want it. Senate approval was not easy although in the end the 89-9 vote was overwhelming.

With Mr James Beggs, his predecessor, forced to resign under the cloud of a federal indictment, Dr Fletcher had to promise to sell his interest in Fairchild Industries, a Nasa contractor, and Burroughs Corporation, a Nasa supplier. He has stock in Astrotech International, which wants to build a privately-financed shuttle orbiter and lease it to Nasa.

On the first day of his confirmation hearing, the New York Times began a series about decade-old Nasa audits showing waste, fraud and mismanagement. Dr Fletcher was accused of having made "wildly overoptimistic" projections on shuttle costs when he persuaded Congress to adopt the programme.

In the end, however, senators reminded themselves of Dr Fletcher's previous achievements at Nasa—a flawless Apollo moon mission, Skylab and two robot landings on Mars — and swallowed their doubts.

General Harrison Hull, at Nasa for the last 25 years and an assistant to the administrator, has no doubts. Dr Fletcher, he says, is the right man for the time: a splendid planner and a good manager.

As in 1971, the space agency needs to rechart its future with an eye to reduced budgets, the general says. And as in 1971, when the extraordinary Apollo programme was winding down, the agency needs to find a balance between manned and unmanned missions.. This time, however, Dr Fletcher also has to inject confidence into a severely shaken bureaucracy.

He is not a charismatic leader. When president of the University of Utah, a student reporter described him as a soft-hearted idealist and a cold-blooded businessman. Both attributes developed in a career which began with work on classified military projects during the Second World War.

The son of a prominent scientist and member of a large Mormon family full of scientists and mathematicians, Dr Fletcher was there at the birth of the American space programme. After the war his interest in defence systems led him to become director of the theory and analysis laboratory at Hughes Aircraft Company where he and his colleagues helped develop air-to-air missiles. The division he supervised grew from 120 employees to 25,600, and, as it grew, he developed administrative skills.

He left in 1954 to become director of the Ramo-Woolridge, the company helping to develop America's first space probe.

In 1958 he and an associate formed their own aerospace company which later merged with Space General, a major Nasa contractor.

An avid reader of books on ancient history, Dr Fletcher began an academic career in 1964 when he became president of the University of Utah. While there, he boosted enrolment by 54 per cent and after averting violence and repressive measures during student sit-ins in the late 1960s faculty members called him "uncommonly able, a practical sensible man devoid of vanity."

When he left Utah for Nasa, his hope was to rekindle the flagging interest in the space programme. "My training as a money-raiser for the university will also be put to good use," he said.

Both of those missions must be repeated if the agency is to recover from the shuttle accident and the failure of its Titan and Delta missiles. But as General Hull says: "Mormons do not waste any time." During his first week, Dr Fletcher kept the wire services humming.

On Monday at his swearing-in ceremony, he told the President with typical understatement: "We have a little bit of business ahead of us, but it will not be long before we are flying again." He then set July, 1987, as the target for the next shuttle mission.

On Tuesday he created an independent panel to review Nasa's management and named as its head, General Samuel Phillips, former chief of the Apollo moon programme. He also asked the Nasa Inspector General to investigate the reassignment of two Morton Thiokol engineers, who told the special presidential commission on the shuttle disaste they had opposed the fatal flight.

On Wednesday Dr Fletcher announced a competition to determine the final design of an $8bn space station. On Thursday, he was on Capitol Hill again to testify about the budget and to oppose the exclusion of commercial flights from the shuttle programme. All this, just three weeks before his 67th birthday.

## BRITISH CALEDONIAN

# The choice gets harder

By Lionel Barber

IS THE second force a spent force? British Caledonian's announcement this week of deep cuts in staff and capacity have raised doubts about the independent airline's aspirations to become a major carrier able to take on its state-owned rival, British Airways.

The public image cultivated by BCal's chairman, *Sir Adam Thomson*, has been of a prosperous and dynamic airline, run by dancing Caledonian girls. But this image, well in keeping with the glamour of the industry, has masked inherent weaknesses within the airline which this weekend lie exposed.

It took just one dramatic downturn in the market for BCal to be *staring* at a substantial loss for the current financial year. Terrorism, the radio-active fall-out from the Chernobyl nuclear reactor and volatile exchange rates have cut passenger traffic and slashed BCal's *revenues* on the critical North Atlantic routes. These usually *account for* more than 60 per cent of B Cal's business; on present calculations, *they* are down 40 per cent on last year.

For Sir Adam, a proud Scot who would still like to turn his *privately-owned* airline into a publicly-quoted company, the announced *plans* for *1,000* redundancies and the closure of four UK sales offices represent a painful, personal setback. So too for the UK Government *and* Mr Nicholas Ridley, the Transport Secretary, whose policy to use BCal as his vehicle for at least limited competition in the skies *now* looks very shaky indeed.

Earlier *this* month, Mr Ridley appeared to have secured a *political victory* when the European Court of Justice, the highest legal *authority in* the EEC, declared that the air transport industry was subject to the Community's laws of competition, which forbid price-fixing. The verdict was interpreted as paving the way for *cheaper* air fares and more flexible services throughout the 12 EEC *countries*.

Opening up the European *market to competition* should help British carriers to create new and bigger *networks to feed* into their base airports in the UK, according to Mr Ridley. The idea is to counter the single most important advantage enjoyed by the powerful American airlines over their European competitors: the possession of a huge (and protected) domestic route network. Put simply, the European Commission's ambi*tious aim is to develop* a heartland similar to the US market, *although it is an ambition* always likely to be frustrated in countries like France and West Germany, which are keen to protect their own carriers.

BCal's difficulties lie not only in the sharp fall-off in passenger traffic on the North Atlantic. Equally serious, unexpected *problem has arisen over its* routes to Saudi Arabia. These *were acquired from British Air*ways in 1984 during a protracted period of horse-trading supervised by Mr Ridley, after a review of UK airline competition policy conducted by the Civil Aviation Authority on the orders *of the Transport* Secretary.

At the time, the Saudi *routes* were regarded as cash cows, well equipped to provide around £18m operating profits annually. *Today, in the wake of the col*lapse in oil prices, BCal will be lucky to pick up *£5m* in operating profits. No-one noticed at the time that BCal was already exposed to the oil economy, through its services to Texas and Nigeria.

There were some observers, notably within the CAA, who recognised that handing over the Saudi routes was not in itself enough to ensure that BCal became a second force. "The concern of the Authority *is that*, given the strength and many advantages that British *Airways has been endowed with*, this country might willy-nilly *find itself* with *one privately*-owned but less efficient monolith at the end of the day," said the CAA's report, in a reference to the government's overriding aim of selling off BA to the private sector.

*The CAA's 1984 proposal to* cut BA's scheduled service revenue by around 7 per cent fell victim to a powerful lobbying campaign organised by the airline's ebullient chairman Lord King. BA's dominance—*which in 1982* amounted to 65 per cent of total UK output and 81 per cent of output on scheduled routes—was left *largely intact. Securely* ensconced at Heathrow—the world's busiest international airport—BA continues to tower over its Gatwick-based rival, BCal.

The imbalance in strength between the two British airlines has forced a strategic rethink within the BCal boardroom. Looking into the future, some *BCal executives now see little* prospect of the airline challeng*ing BA. As for the concept of* a second force—first outlined by the Edwards committee in 1969 which subsequently triggered the merger of British United and Caledonian Airways to form BCal in 1970—that, in the words of one BCal executive this week, "is dead, finished, a goner."

This realisation led directly to the talks with International Leisure Group, the Intasun hotels and tours group, which started in January. At first, these centred on an operational merger of the two groups short-haul *fleets. BCal loses money* on short-haul, but it is the vital feeder link to the airline's long-haul business which is profitable. "A merger looked very attractive," said Sir Adam yesterday, "but the talks then broadened out into discussing a full financial merger."

The institutional shareholders, primarily Investors in Industry *(3i) which holds* 42 per cent of BCal's equity, would prob*ably favour a merger. For some* time, 3i has been uneasy about the size of its investment which represents at least £40m, or 10 per cent of its share capital and reserves. BCal's mixed profits record has in effect locked in *3i*: a public flotation, one obvious way for it to dilute its stake, was ruled out last December. Other institutional *shareholders, as Sir Adam said* yesterday, are keen to secure a public quotation.

The division of opinion on the future *reflects differences in* syle and personality within the board. *Mr David Coltman*, the young but self-assured managing director, appears to favour some link-up with International Leisure. *Sir Adam, loth to re*linquish hold of his airline, has, at the end of the day, found himself with little alternative but to back the merger.

The urgency arises from *BCal's decision, largely* influenced by Sir Adam, to purchase *seven A320 aircraft, the new* 150-seater short-haul aircraft from Airbus Industrie. At the time, Sir Adam took personal credit for a bold move: BCal was to be the first launch-customer for a jet which was *still on the drawing board. By* 1988, the production lines start *rolling and the aircraft becomes* a reality. And, as one BCal executive put it this week: "We have to find bottoms to fill those seats."

International Leisure, chaired by the flamboyant Mr Harry Goodman, has those very passengers. He also faces problems arising from the need to refurbish his fleet: last Septem*ber he announced the intended* purchase of four new Boeing *737-300 aircraft* for about £65m.

Whether Sir Adam and Mr *Goodman can be brought to*gether depends largely on how the debate within the BCal boardroom shapes up in the next couple of weeks. This week's cutbacks can only have concentrated minds at Gatwick.

## UK DEFENCE POLICY

# Younger takes a risk

By Bridget Bloom, Defence Correspondent

WHEN Mr George Younger, the *Defence Secretary, announced* on Monday that he saw no need *for a full-scale defence review* to solve the problems of *Britain's declining defence bud*gets over the next few years, he was taking a calculated political risk.

The new Defence Secretary, like his predecessor, Mr Michael Heseltine, whom he replaced in January, believes that he can keep defence spending in check, *at least until* the general election, by wielding the *surgeon's knife selectively* rather than by indulging in open and *major surgery*.

If he were unable to do so—if he were, in the end, like Sir John Nott in 1981, to be forced into cutting back one or other of Britain's major defence commitments — Mr Younger *might find himself* at the centre of a storm which could affect *not only his own political career* but also the electoral fortunes of his party.

Mr Younger, who is gaining a reputation in the defence world as an able and straightforward minister, admits there are serious problems. Launching the defence white paper on Monday, and in two lengthy sessions with the all-party Commons Select Committee on Wednesday, Mr Younger acknowledged that the Government's decision to "level off" defence spending between now and 1988-89 (and almost certainly beyond that) would mean *a decline in real terms of over* 6 per cent in three years, at a time when there would be no equivalent decline in Britain's defence commitments.

Rather, the reverse. After seven years' increased defence spending which has seen modernisation of all three services, *the cost of the new Trident* nuclear deterrent will rise from around £400m this year to nearly £1bn in 1988-89. At the same time, money must be found, albeit initially in small amounts, for the ultimately more costly European fighter aircraft.

For politicians, civil servants and service chiefs, a defence re*view is clearly something to be* avoided if at all possible: the lessons of the Nott review, when defence contractors were not being paid, service chiefs were openly rebellious and the Nato allies extremely uneasy, are still fresh.

But if it is obvious why Mr Younger and his advisers would like to avoid such a review, what gives them the *confidence that they can?*

First, Mr Younger argues *that the gap between the* resources available and the *demands on them may not be* as wide as has been suggested. He has been advised and clearly believes that a programme involving selective cuts and delays in programmes — what was called "salami-slicing" of the defence programme by a previous defence chief — *can square the circle* without serious effects on the forces' fighting capability and morale, or on Britain's contribution to Nato.

High spending on defence over the last seven years of Tory rule is held to be a help here. Including the Falklands, *defence spending increased* by a real 20 per cent between 1979 and 1985-86 and there can be little doubt that the forces are in better shape as a result. More than £40bn (at *1984-85* prices) has been spent on *modernisation* programmes, including, for example, the replacement of most of the RAF's ageing Lightning and Phantom bombers and fighters with 385 of the new multinational Tornado aircraft.

All this re-equipment provides a cushion against leaner *times ahead, defence ministers* argue. They also point to improved morale in the services, partly as a result of consistently favourable pay awards.

On the financial side, there is some dispute over the actual *gap that must be bridged*, partly because of the complexities of the defence accounting and planning processes. Suggestions that at least £1bn must be cut from each of the budgets of the next three years—which in cash terms are set at £18.5bn, £18.8bn and £19bn for 1988-89—have not been denied.

However, the gloss which Mr *Younger produced* for the defence committee this week suggests that over the last few weeks, all the easiest cuts have been decided upon, reducing the hard core reductions needed to between £400m-£600m in each year.

Whatever the actual figures, *Mr Younger admits that he has* "some difficult decisions" ahead. As he told the defence committee, even small cuts hurt someone, though he resolutely refused to give details of cuts or programme delays, big or small, saying that his decisions would only be made over the next few weeks and suggesting that they would become known only in a piecemeal fashion.

*(The main suggestions a[re] that the equipment budget, a[nd] within that the Navy's pr[o]gramme, may bear the brunt [of] the burden, with the friga[te] building programme bei[ng] curtailed from the promise[d] three orders a year.)*

Great store is also being se[t] by Mr Younger and his mini[s]sters on the amounts that ca[n] *be saved by the Defence Mini*stry's tough value for mone[y] policies towards defence con[t]ractors, which for the last yea[r] have been in the charge of M[r] Peter Levene, formerly head [of] the defence contracting com[pany] United Scientific Hold[ings].

*Mr Levene told the defenc[e]* committee earlier this wee[k] that he hoped to be able t[o] "save" 10 per cent of th[e] equipment budget (which [is] running at around 45 per cen[t] of the total budget) over h[is] *five-year term.*

So where are the weak spots[?] Mr Younger acknowledge[s] that his targets could come u[n]stuck because of some u[n]expected event. One of his dif[fi]culties now, for example, is th[e] need to find extra money f[or] the controversial Nimrod ear[ly] *warning aircraft system*: whether he decides, later th[is] summer, to award the contra[ct] for its completion to GE[C] Avionics, which has so f[ar] failed to perform to the RAF['s] satisfaction, or whether [he] *orders new equipment from th[e]* US.

But if *no* Defence Secreta[ry] can be quite sure that anoth[er] Nimrod type project is n[ot] lurking in the wings to sna[g] him, there are other potenti[al] obstacles in the shape of e[x]change and interest rates a[nd] oil prices. Today the clima[te] is relatively favourable b[ut] that *may not last*. Rough[ly] half of the £9.87bn Trident pr[o]ject must be spent in dolla[rs], for example. The MoD h[as] costed the project on a pour[d]-dollar exchange rate of $1.2[?] which is fine now with a pr[e]vailing rate of $1.50, less go[od] if it falls, as it did not so lo[ng] *ago to $1.10.*

However, Mr Younger's bi[g]*gest worry* must be that t[he] question of defence and its co[st] seems certain to be a maj[or] issue at the next election. No[ne] of the opposition part[ies] believes that Trident is a se[n]sible investment, while popu[lar] concern about Britain's nucle[ar] weapons policy seems likely [to] be *exacerbated* by the rece[nt] crises over nuclear power.

# Letters to the Editor

## Standards of education

*From Mr R. Freeman*

Sir,—The claim (May 13) by Mr Geoffrey Pattie, Minister of Information Technology, that many of Britain's schools are turning out "dangerously high quotas of illiterate, innumerate and delinquent unemployables" is possibly the most serious charge advanced so far against the professional educators. But, like the *anecdotal complaints* uttered daily by businessmen, *it is not* backed by *numerate* information to enable us to make sensible judgments on the issue.

How high are these "quotas"? What percentage of school leavers in 1985 were "illiterate, innumerate and delinquent"? And how does that percentage compare with 1975 and 1965 *for example*? Is it going up and, if so, by how much?

After the war, when *I was a* young teacher for a few years (before *leaving the profession* for better paid employment *elsewhere*) I well remember reading similar complaints about declining educational standards from the industrialists of the day. For them the "good old days" were the 1920s and 1930s. A report of Her Majesty's Inspectors of Schools was also scathing in its criticism of basic skills in *language and mathe*matics. It was, however, published in 1925.

While Royal Commissions are renowned *as devices for post*poning awkward decisions, it, *would be far* better to have a considered, independent survey of *the state* of education in Britain today (private as well as public) than risk being stampeded into precipitate action by colourful ministerial rhetoric, however well-intentioned.

Roland Freeman,<br>
*14, Great Smith St., SW1.*

## The company car

*From Mr W. Walters*

Sir,—Mr Anthony Fraser, director of the Society *of Motor* Manufacturers and Traders, paints a *misleading* picture (May 12) regarding the use of company cars for private motoring. He states that in 1985 only 45 per cent *of new* cars were registered through company addresses. *It is common* and correct practice for company vehicles *to be registered* using the name and address of the keeper *rather than* the owner of the vehicle, and accordingly his *statistic* of 45 per cent is a minimum figure only.

With regards to the taxation of fuel for private *motoring*, Mr Fraser has assumed that the scale fuel benefit *on* a car of 1301cc-1800cc of £575 in 1986-*1987 is the actual cost to the* user whereas the cost is de*pendent on the user's marginal* rate of tax. A basic rate tax payer will be charged £166.75 (29 per cent by £575) and only those with a 60 per cent marginal rate of tax will suffer in the example given by Mr Fraser.

W. H. Walters.<br>
*108 Park Street, W1.*

## Nuclear power's future

*From Mr N. Beale*

Sir,—Although Mr Peter Walker, the Energy Secretary, and Dr John Cunningham, the Opposition Environment spokesman, have in recent days *undertaken* valiant attempts at "damage limitation" where the political and industrial effects of the Chernobyl accident are concerned, it certainly looks as though there will be a question mark over any Cabinet decision to permit construction of the Sizewell "B" plant to start in *the run-up to the next General* Election. That is, assuming a favourable report from Sir Frank Layfield, the inspector, in September.

The Central Electricity Generating Board, the Nuclear Installations Inspectorate, the British Nuclear Forum and other bodies will no doubt redouble their efforts to convince *politicians* and public that Sizewell "B" is still *needed and can be operated* safely. After all, adoption of a pressurised water reactor design in this country brings us into line with the vast majority of advanced, industrial nations which have turned to nuclear power for electricity generation. So insular have the British become that we did not really notice what was going on in the rest of the world—to the disadvantage of our engineering industries.

There remains, however, the problem of how to free such matters from the vagaries of electoral politics. In the 1960s and 1970s, decisions on nuclear power station ordering were bedevilled by prolonged select committee inquiries, until the February 1974 election brought into office a Labour Government indebted to the miners and unwilling to accept US technology. Several more years were then wasted as the possibility of remaining with British designs was investigated, *until* the Callaghan Cabinet authorised the CEGB to develop the PWR option but subject to a public inquiry which, however, only *got under way in 1982 and is* not yet complete.

If "*privatisation*" of the electricity-supply industry does eventually go ahead, one can only hope that ministers and civil servants will be ready to abstain from trying to decide that industry's major equipment needs for it. Successive governments since 1945 have not only *imposed* nuclear reactor programmes on the industry, whether it wanted them or not, but have also gone so far as to decide which turbine manufacturer should be favoured. Is it too much to hope that the role of public authorities might be limited, even now, to ensuring the safety of nuclear plant and its *suitability for particular sites?*

That may seem a naive question in the wake of Chernobyl. Public opinion, however, *does change over time* and two unexpected benefits may eventually be recognised. Three Mile Island is no longer the "worst nuclear accident." Conditions similar to a reactor core melt-down seem to have occurred at Chernobyl and, although people have been *killed and injured*, the effects were slight compared with Bhopal, Seveso or Flixborough.

Neville Beale.<br>
*Chelsea Towers,*<br>
*Chelsea Manor Street, SW3.*

## Liberal energy policy

*From Mr M. Bruce, MP*

Sir,—In your report (May 14) on the important debate on nuclear energy, you omitted for *your own reasons to tell readers* of the radical alternative poli*cies advocated by the* Liberal Party.

Perhaps I can quote *exactly* what I said in the House: "The Liberal Party believes that investment in energy efficiency, improvements to *the* environmental acceptability and the efficiency of coal and oil, coupled with the development of alternatives, could meet *all* our energy needs and would allow for the gradual change-over to a non-nuclear energy mix. That is attainable *in the* UK . . . this country is not under pressure and has the time to develop a viable, non-nuclear energy *policy* that would provide the flexibility that we need at *an acceptable* cost, with minimum environ*mental risk and maximum* public acceptability. That is the *course that should be followed*. Any responsible British Government would pursue that course."

*We know that we cannot stop* the nuclear power programme *tomorrow*, but we can begin to de-commission the old magnox stations. Nor is the Liberal Party anti-science. On the contrary, we believe our scientists and engineers could make a great contribution to the world if they were given the resources to develop greater energy efficiency and to advance the role of alternative energy sources.

I believe this policy is radical and that I am sure the majority of readers will be glad to know *that a major political party* is advocating such a programme.

Malcolm Bruce.<br>
(Liberal Energy Spokesman),<br>
*House of Commons, SW1*

## A different cathedral

*From the Dean of Carlisle.*

Sir,—I write in haste to correct a false impression, no doubt meant kindly, but given none the less, at the conclusion of Antony Thorncroft's *article*, "The price of salvation" (May 10). Carlisle Cathedral is included with Wells and Norwich as one of the most secure financially. Anyone who knows our ancient truncated cathedral in this thinly populated border area, at present requiring £1m *to repair it, will* know that we are far from secure. Though *we have strong links with* local communities in this scattered area, it furnishes us with fewer than 500 Friends. Many thousands who visit us while on holiday in these parts, leave some offering in the cathedral, but alas, forget us after that. I think we were mentioned by mistake *for some cathedral in* the south-east of England.

*(The Very Reverend)*<br>
J. H. Churchill,<br>
*The Deanery,*<br>
*Carlisle, Cumbria.*

## Taxation reform

*From Mrs J. Sculley*

*Sir,—It has been suggested* that in the next Budget the *Government may* reduce the standard rate of tax to 25 per *cent, which will have a minimal* benefit for a majority of tax *payers.*

Surely a more beneficial way of using this tax reduction would be to increase personal *allowances* to a level of say £5,000 and at the same time *lower the higher tax* band levels so that those in receipt of income in excess of £15,000 *p.a. would pay the same tax* as now. The lower wage earner would then be taken out of the tax system.

This would help to alleviate the present situation where a low wage earner can receive more in unemployment and/or supplementary benefit than they *would in take-home pay*.

It would mean that industry could afford to employ more unskilled labour and would reduce payroll costs. It would also help to reduce the burden on the Inland Revenue.

I believe that a majority of people who earn in excess of say £15,000 p.a. would be happy to forgo a small reduction in *tax. If that reduction could be* used in a way to benefit the lower paid and also create new jobs.

*It seems* inequitable that a person earning less than £100 per week should pay tax on up to 50 per cent of their wage.

(Mrs) J. M. Sculley,<br>
*3, Thanet Road,*<br>
*Bexley, Kent.*

## Data protection fee

*From the Managing Director, Market Penetration Services*

Sir,—There is a most unwelcome form of indirect taxation to be levied under the new Data Protection Act and which has not, so far as I am aware, been widely publicised.

This is the extraordinary decision of the Data Protection Registrar that not only the operator of a database, but each of its several trustees and *associates, is liable to register* for a fee of £22.

On the surface this may seem small beer. Under the terms of *investment in many self*-administered pension funds however, which as data holders and users are liable to registration under the Act, there are many thousands of self-employed, corporate or even participant investors who automatically become trustees or associates having a part-share or interest in the corporate database operation of the pension fund—and each of these investors, whether they have access to the database or not is apparently obliged to couch-up with the necessary £22 or face fines and imprisonment for misuse of their own data.

I suspect there may be as *many as a hundred thousand* people currently placed outside the criminal law, albeit unwittingly, as trustees and associates *of private pension schemes* administered by registered database operators, *following* this unpublicised ruling. Many of *them may not even realise* their records are in fact held on computer.

Michael W. Lihra.<br>
*40-42 Chapel Street,*<br>
*Marlow, Bucks.*

# UK COMPANY NEWS

## BAT sells half US retail outlets

BY DAVID GOODHART

BAT Industries, the tobacco, retail and financial services conglomerate, announced that it has agreed in principle to sell about half the US retail outlets which were put up for sale in January.

The sales, accounting for about 40 per cent of the assets on the market, were close to the target price. The company has said it hopes to raise about $630m (£414m).

BAT would not release an exact figure which, it said, was still the subject of negotiation but it is likely to be in the region of $250m (£164m).

The calculations are complicated by the fact that four out of the nine Gimbels-Milwaukee stores are being sold to Marshall Field's, another BAT retail chain.

The May Department Stores Company is buying another three of the eight Gimbels-Pittsburgh stores and may buy one more. Proposals for the remaining Gimbels stores in Milwaukee and Pittsburgh are being finalised and will be announced soon.

Negotiations on the sale of Gimbels-New York and Philadelphia are well-advanced and an announcement is expected within 30 days.

The other major sale already agreed is that of the 39 Kohl Department Stores which are to be sold to a corporation formed by the Kohl management.

The total of 93 stores up for sale, most of which have been making losses, accounted for sales of $1.3bn out of BAT's total US retail turnover of $3.3bn in 1984. BAT made a provision in its 1985 accounts for an anticipated loss on disposal of £125m.

Commenting on the provisional agreements, Mr Henry F. Frigon, president and chief executive of BATUS Inc. said: "We are seeking to sell 93 stores in eight states and it is not possible to bring negotiations on all these stores to a simultaneous conclusion. But we believe it is important to announce our progress at this time to keep all interested parties as fully informed as possible."

The proceeds will go mainly to reduce BAT's worldwide debt. The company also hope that by concentrating its retail activities on Saks Fifth Avenue, Marshall Field's, Ivey's-Carolinas and Florida, Breuners and Thimbles businesses, it will markedly improve its rate of return.

BAT's share price fell 7p to 363p.

## McCarthy & Stone in £19m cash call

McCarthy & Stone reports a highly successful start to the year and has announced a rights issue to raise about £19m. In the six months to the end of February 1986 the company, which provides sheltered accommodation, saw pre-tax profits rise by 23 per cent to £5.02m, against £4.08m on turnover of £23.79m, an increase of 73 per cent on £13.79m last time.

The net receipts of the one-for-five issue are to be used to reduce debt and fund the continuing expansion programme. At the interim stage, borrowings stood at £25m, giving gearing of 80 per cent.

Earnings per 20p share came out at 7.6p (5.99p) and an interim dividend has been declared of 0.82p (0.67p). Last year there was a total payment 2.72p on pre-tax profits of £9.55m.

Mr John McCarthy, chairman, says that profits per sheltered unit were maintained, but total profits were affected by the costs incurred in setting up the group's new businesses. During the period the company's first nursing home was opened and work is advanced on the second. Work has begun on the first group of sheltered holiday homes, being built in Majorca, and negotiations are going on to buy land for sheltered housing in France.

The group has also expanded into the making of pvc window frames.

The pre-tax figure was struck after interest charges almost trebled to £1.91m against £689,000. The tax charge was £1.85m (£1.59m) and dividends took £342,000 (£279,000), leaving the retained profits at £2.83m against £2.22m last time.

The chairman adds that the first two months of the second half have begun well and a significant increase on last year's record profits is expected.

### ● comment

Perhaps the City has loved McCarthy & Stone a little too much. For the second time running, an excellent set of results has fallen short of analysts' inflated forecasts, leaving the market in no mood for the company's third rights issue in as many years. It seems that housing starts are taking longer than expected to feed through to sales, and hence forecasts for the current year are being pulled back to £14.5m. However, it will be a shame if City disappointment swamps what is nevertheless a good result. The company is maintaining its margins, and holding market share despite competition from the majors. Expansion into hotels, nursing homes and sheltered homes in France will provide plenty of profitable opportunities to spend the rights money, which in the short term will reverse the creeping interest charge. A prospective p/e of 13½ on yesterday's price of 260p, down 35p, is a better reflection of how the City hates disappointment than of the company's excellent growth prospects.

## North Midland trims losses

Appalling weather conditions during the winter months, costs inherent in its reorganisation and continuing poor margins, resulted in North Midland Construction again incurring losses in the half-year to February 28 1986, the directors state.

The losses were down, however, from £16,000 to £6,000—they were £65,000 at the year-end. The directors anticipate that the results for the second half will show a return to profitability.

First-half turnover was up from £3.86m to £4.02m. There was a tax credit of £2,000 (£7,000), leaving attributable losses at £4,000 against £17,000.

## British Land in £93m deal

BY TERRY POVEY

British Land has bought 14 office blocks in the City and London's West End, including Mariner House in which Midland Bank has its key Stock Exchange services department, plus shops and industrial properties, from Legal and General Assurance for £93m.

The parcel of 49 properties was valued by Chestertons at £103.1m on April 30 and has a current net income of £7.2m a year rising to £9.4m by 1992. Mr John Ritblat, British Land's chairman, said the purchase represented a rare opportunity to buy a substantial parcel of freehold properties free from all debt, deferred tax and other encumbrances.

Payment for the property will be in three tranches: £40m on completion, £22m in six months time and the £31m balance in a year. The company said that it would fund the first tranche from internal sources and would consider the delayed payments closer to when they became due—a rights issue was not ruled out said Mr David Cohen, a board member.

In March, British Land raised between £10.5m and £12.6m through an issue of 10½ per cent deferred mortgage debenture stock. The previous month it sold two properties in Dublin for I£9m and formed a £7.5m joint-venture for constructing middle-rated hotels with Mr Harry Edwards' Friendly Hotels.

British Land's interim report said that it owned 1.4m sq ft of mainly freehold property in central London and that net rental income was £10.7m in the six months to September. Net assets per share at March 31 1985 were given at 219p.

## FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

| | Equity groups & sub-sections | Fri May 16 1986 Index No. | Day's Change % | Est. Earnings Yield% (Max.) | Gross Div. Yield% (ACT at 29%) | Est. P/E Ratio (Net) | xd adj. 1986 to date | Thurs May 15 Index No. | Weds May 14 Index No. | Tues May 13 Index No. | Year ago (approx.) Index No. | 1986 High | | 1986 Low | | Since Compilation High | | Since Compilation Low | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | CAPITAL GOODS (214) | 704.64 | −1.4 | 8.45 | 3.44 | 15.00 | 7.67 | 714.78 | 720.00 | 727.13 | 554.79 | 753.28 | 30/4 | 567.56 | 14/1 | 753.28 | 30/4/86 | 50.71 | 13/12/74 |
| 2 | Building Materials (26) | 785.41 | −1.4 | 8.66 | 3.55 | 14.52 | 7.97 | 796.80 | 795.91 | 800.31 | 530.84 | 844.79 | 4/4 | 613.05 | 23/1 | 844.79 | 4/4/86 | 44.27 | 11/12/74 |
| 3 | Contracting, Construction (29) | 1173.21 | −1.7 | 8.42 | 3.99 | 15.73 | 18.46 | 1193.61 | 1198.83 | 1196.76 | 745.95 | 1228.76 | 2/5 | 911.08 | 23/1 | 1228.76 | 2/5/86 | 71.48 | 2/12/74 |
| 4 | Electricals (12) | 1928.63 | −0.4 | 7.68 | 3.92 | 17.29 | 29.92 | 1936.13 | 1959.89 | 1988.94 | 1493.10 | 2092.98 | 21/4 | 1530.81 | 2/1 | 2092.98 | 21/4/86 | 84.71 | 25/6/62 |
| 5 | Electronics (38) | 1607.67 | −1.4 | 9.05 | 2.63 | 14.66 | 9.74 | 1630.56 | 1644.40 | 1684.30 | 1629.85 | 1794.13 | 30/4 | 1387.58 | 24/1 | 2049.05 | 13/11/84 | 1229.01 | 8/10/85 |
| 6 | Mechanical Engineering (63) | 401.97 | −1.1 | 9.40 | 3.93 | 13.43 | 5.77 | 406.29 | 407.86 | 411.34 | 313.45 | 422.95 | 18/4 | 316.63 | 23/1 | 422.95 | 18/4/86 | 45.43 | 5/1/75 |
| 8 | Metals and Metal Forming (7) | 345.19 | −1.8 | 7.56 | 4.92 | 17.17 | 4.35 | 351.57 | 354.83 | 351.91 | 195.48 | 363.95 | 6/5 | 241.87 | 2/1 | 363.95 | 6/5/86 | 49.65 | 6/1/75 |
| 9 | Motors (17) | 282.39 | −1.1 | 9.10 | 3.40 | 12.83 | 3.35 | 285.55 | 288.68 | 291.11 | 163.93 | 306.00 | 6/5 | 206.58 | 14/1 | 306.00 | 6/5/86 | 19.91 | 6/1/75 |
| 10 | Other Industrial Materials (22) | 1268.58 | −1.7 | 6.45 | 3.12 | 18.64 | 13.80 | 1290.54 | 1311.83 | 1317.79 | 985.92 | 1347.13 | 3/4 | 993.49 | 21/1 | 1347.13 | 3/4/86 | 277.55 | 15/1/81 |
| 21 | CONSUMER GROUP (183) | 877.99 | −0.7 | 7.93 | 3.23 | 15.81 | 8.18 | 883.84 | 892.83 | 901.63 | 660.03 | 968.16 | 3/4 | 739.82 | 14/1 | 968.16 | 3/4/86 | 61.41 | 13/12/74 |
| 22 | Brewers and Distillers (22) | 903.84 | −1.1 | 9.33 | 3.50 | 13.06 | 7.20 | 913.96 | 928.15 | 936.73 | 595.74 | 968.90 | 3/4 | 764.25 | 14/1 | 968.90 | 3/4/86 | 69.47 | 13/12/74 |
| 25 | Food Manufacturing (22) | 644.58 | −1.0 | 9.39 | 3.98 | 13.91 | 9.37 | 650.97 | 657.80 | 665.41 | 513.21 | 702.63 | 4/4 | 549.51 | 14/1 | 702.63 | 4/4/86 | 59.67 | 11/12/74 |
| 26 | Food Retailing (15) | 1812.87 | −1.6 | 6.37 | 2.57 | 21.35 | 7.73 | 1842.03 | 1858.98 | 1874.69 | 1614.75 | 1976.34 | 14/4 | 1629.03 | 21/1 | 1976.34 | 14/4/86 | 54.25 | 11/12/74 |
| 27 | Health and Household Products (10) | 1479.96 | −0.5 | 5.68 | 2.27 | 20.72 | 6.52 | 1488.83 | 1502.66 | 1496.07 | 1046.65 | 1651.15 | 17/4 | 1175.61 | 14/1 | 1651.15 | 17/4/86 | 175.38 | 28/5/80 |
| 29 | Leisure (25) | 850.07 | −0.6 | 8.28 | 4.14 | 15.76 | 14.01 | 855.04 | 857.09 | 868.78 | 688.65 | 968.51 | 2/4 | 731.17 | 24/1 | 968.51 | 2/4/86 | 54.83 | 9/1/75 |
| 32 | Publishing & Printing (14) | 2292.64 | −1.8 | 7.30 | 4.13 | 17.47 | 28.02 | 2335.51 | 2339.99 | 2365.54 | 1777.70 | 2456.88 | 30/4 | 1834.16 | 9/1 | 2456.88 | 30/4/86 | 55.08 | 6/1/75 |
| 33 | Packaging and Paper (14) | 451.09 | −1.9 | 7.65 | 3.54 | 16.39 | 4.29 | 459.72 | 463.42 | 465.90 | 319.04 | 476.31 | 7/5 | 362.52 | 9/1 | 476.31 | 7/5/86 | 43.46 | 6/1/75 |
| 34 | Stores (42) | 849.80 | +0.9 | 6.75 | 2.74 | 20.15 | 5.27 | 842.47 | 853.12 | 868.41 | 633.13 | 984.64 | 3/4 | 707.79 | 23/1 | 984.64 | 3/4/86 | 52.63 | 6/1/75 |
| 35 | Textiles (17) | 503.69 | −1.2 | 9.47 | 3.58 | 12.15 | 4.52 | 509.55 | 514.00 | 516.93 | 322.69 | 574.41 | 3/4 | 375.58 | 14/1 | 574.41 | 3/4/86 | 62.66 | 11/12/74 |
| 36 | Tobaccos (2) | 1021.05 | −1.8 | 13.98 | 4.77 | 8.02 | 20.60 | 1039.55 | 1047.89 | 1065.97 | 846.48 | 1229.63 | 11/4 | 873.47 | 9/1 | 1229.63 | 11/4/86 | 94.34 | 13/6/62 |
| 41 | OTHER GROUPS (86) | 769.09 | −0.9 | 8.68 | 3.85 | 14.72 | 6.38 | 776.18 | 783.88 | 803.58 | 714.59 | 859.53 | 4/4 | 696.16 | 21/1 | 859.53 | 4/4/86 | 58.63 | 6/1/75 |
| 42 | Chemicals (19) | 847.86 | −1.3 | 10.79 | 4.78 | 11.24 | 16.72 | 858.99 | 873.78 | 882.51 | 755.26 | 955.30 | 14/3 | 729.24 | 14/1 | 955.30 | 14/3/86 | 71.20 | 1/12/74 |
| 44 | Office Equipment (4) | 262.60 | −2.5 | 7.44 | 3.87 | 16.26 | 4.53 | 269.30 | 268.64 | 278.80 | 186.02 | 281.13 | 9/5 | 205.37 | 23/1 | 281.13 | 9/5/86 | 45.34 | 2/1/75 |
| 45 | Shipping and Transport (12) | 1517.20 | −1.5 | 8.61 | 4.06 | 14.15 | 21.67 | 1540.04 | 1543.52 | 1554.90 | 1174.20 | 1677.64 | 3/4 | 1316.35 | 14/1 | 1677.64 | 3/4/86 | 90.80 | 29/6/62 |
| 47 | Telephone Networks (2) | 876.02 | −0.4 | 9.41 | 3.69 | 14.58 | 0.93 | 879.21 | 886.83 | 931.73 | 879.53 | 1050.03 | 4/4 | 845.68 | 21/1 | 1050.03 | 4/4/86 | 517.92 | 30/11/84 |
| 48 | Miscellaneous (49) | 999.59 | −1.0 | 6.40 | 3.32 | 19.18 | 6.73 | 1009.98 | 1019.64 | 1027.03 | 907.95 | 1053.25 | 3/4 | 866.26 | 9/1 | 1053.25 | 3/4/86 | 60.39 | 6/7/75 |
| 49 | INDUSTRIAL GROUP (483) | 816.60 | −0.9 | 8.25 | 3.43 | 15.32 | 7.73 | 823.52 | 831.24 | 842.49 | 655.08 | 889.80 | 3/4 | 691.89 | 14/1 | 889.80 | 3/4/86 | 59.01 | 13/12/74 |
| 51 | Oil & Gas (17)● | 1173.97 | +0.3 | 17.41 | 7.68 | 6.86 | 40.53 | 1170.35 | 1179.13 | 1198.81 | 1182.16 | 1205.46 | 12/5 | 1093.63 | 20/2 | 1239.75 | 15/2/85 | 87.23 | 29/5/62 |
| 59 | 500 SHARE INDEX (500)● | 847.79 | −0.8 | 9.23 | 3.89 | 13.54 | 10.29 | 854.49 | 862.33 | 873.67 | 699.32 | 917.63 | 3/4 | 727.53 | 14/1 | 917.63 | 3/4/86 | 63.49 | 13/12/74 |
| 61 | FINANCIAL GROUP (116) | 587.64 | −1.1 | — | 4.44 | — | 9.19 | 593.95 | 598.75 | 611.60 | 474.29 | 629.86 | 4/4 | 507.50 | 14/1 | 629.86 | 4/4/86 | 55.88 | 13/12/74 |
| 62 | Banks (7) | 621.46 | −1.1 | 18.86 | 5.46 | 7.36 | 14.03 | 628.41 | 640.11 | 679.25 | 471.43 | 707.33 | 20/3 | 517.21 | 5/2 | 707.33 | 20/3/86 | 62.44 | 12/12/74 |
| 65 | Insurance (Life) (9) | 804.95 | −0.4 | — | 4.54 | — | 17.27 | 808.01 | 808.80 | 815.21 | 727.89 | 906.18 | 11/3 | 765.18 | 23/1 | 906.18 | 11/3/86 | 44.88 | 2/1/75 |
| 66 | Insurance (Composite) (7) | 491.61 | −1.7 | — | 4.22 | — | 8.00 | 499.87 | 506.31 | 513.93 | 352.30 | 525.13 | 14/4 | 403.56 | 2/1 | 525.13 | 14/4/86 | 43.96 | 13/12/74 |
| 67 | Insurance (Brokers) (8) | 1175.38 | −2.9 | 8.90 | 4.08 | 14.59 | 20.59 | 1210.96 | 1198.03 | 1192.86 | 1149.98 | 1315.27 | 12/2 | 1159.01 | 14/1 | 1315.27 | 12/2/86 | 65.86 | 16/12/74 |
| 68 | Merchant Banks (11) | 347.95 | −1.4 | — | 3.12 | — | 1.60 | 352.87 | 355.93 | 355.54 | 235.25 | 374.09 | 18/4 | 277.36 | 24/1 | 374.09 | 18/4/86 | 31.21 | 7/1/75 |
| 69 | Property (50) | 743.20 | −0.2 | 5.55 | 3.53 | 23.81 | 4.13 | 749.66 | 749.79 | 748.85 | 642.76 | 769.17 | 22/4 | 635.84 | 23/1 | 769.17 | 22/4/86 | 56.01 | 20/4/65 |
| 70 | Other Financial (24) | 342.99 | −1.1 | 7.83 | 4.31 | 15.24 | 2.87 | 346.71 | 347.80 | 348.26 | 286.35 | 362.00 | 4/4 | 287.55 | 24/1 | 362.00 | 4/4/86 | 33.29 | 17/12/74 |
| 71 | Investment Trusts (103) | 738.66 | −1.5 | — | 2.96 | — | 5.78 | 750.06 | 750.20 | 749.60 | 603.22 | 764.85 | 22/4 | 633.36 | 14/1 | 764.85 | 22/4/86 | 71.12 | 13/12/74 |
| 81 | Mining Finance (3) | 285.59 | −0.8 | 12.54 | 5.58 | 9.30 | 6.11 | 287.86 | 291.30 | 291.47 | 290.07 | 351.16 | 21/3 | 240.83 | 2/1 | 337.57 | 10/4/84 | 66.31 | 30/9/74 |
| 91 | Overseas Traders (14) | 683.59 | −1.2 | 12.19 | 6.05 | 9.77 | 11.72 | 692.05 | 698.10 | 699.38 | 663.74 | 702.43 | 7/4 | 597.55 | 2/1 | 702.43 | 7/4/86 | 97.37 | 6/1/75 |
| 99 | ALL-SHARE INDEX (736)● | 772.94 | −0.9 | — | 3.97 | — | 9.77 | 779.69 | 786.41 | 797.09 | 637.91 | 832.39 | 3/4 | 664.42 | 14/1 | 832.39 | 3/4/86 | 61.92 | 13/12/74 |

| | Index No. | Day's Change | Day's High | Day's Low | May 15 | May 14 | May 13 | May 12 | May 9 | Year ago | 1986 High | | 1986 Low | | Since Compilation High | | Since Compilation Low | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| FT-SE 100 SHARE INDEX ◊ | 1564.9 | −10.8 | 1565.7 | 1554.0 | 1575.7 | 1594.3 | 1623.3 | 1603.8 | 1601.6 | 1327.4 | 1717.6 | 3/4 | 1370.1 | 14/1 | 1717.6 | 3/4/86 | 986.9 | 23/7/84 |

### FIXED INTEREST

| | PRICE INDICES | Fri May 16 | Day's change % | Thurs May 15 | xd adj. today | xd adj. 1986 to date |
|---|---|---|---|---|---|---|
| | British Government | | | | | |
| 1 | 5 years | 123.85 | −0.12 | 124.00 | — | 4.58 |
| 2 | 5-15 years | 145.43 | −0.41 | 146.03 | — | 4.58 |
| 3 | Over 15 years | 152.21 | −0.59 | 153.11 | — | 5.67 |
| 4 | Irredeemables | 170.69 | −0.29 | 171.18 | — | 6.07 |
| 5 | All stocks | 140.52 | −0.34 | 141.01 | — | 4.81 |
| | Index-Linked | | | | | |
| 6 | 5 years | 113.06 | +0.05 | 113.01 | — | 0.81 |
| 7 | Over 5 years | 119.83 | +0.23 | 119.56 | — | 1.21 |
| 8 | All stocks | 118.60 | +0.20 | 118.37 | — | 1.14 |
| 9 | Debentures & Loans | 122.00 | −0.38 | 122.47 | — | 4.76 |
| 10 | Preference | 89.27 | −0.31 | 89.55 | — | 2.97 |

| | AVERAGE GROSS REDEMPTION YIELDS | | Fri May 16 | Thurs May 15 | Year ago (approx.) | 1986 Highs | | 1986 Lows | |
|---|---|---|---|---|---|---|---|---|---|
| | British Government | | | | | | | | |
| 1 | Low | 5 years | 7.81 | 7.76 | 10.72 | 10.26 | 20/1 | 7.37 | 18/4 |
| 2 | Coupons | 15 years | 8.80 | 8.74 | 10.91 | 10.65 | 20/1 | 8.32 | 18/4 |
| 3 | | 25 years | 8.82 | 8.76 | 10.47 | 10.65 | 20/1 | 8.33 | 18/4 |
| 4 | Medium | 5 years | 8.96 | 8.88 | 11.69 | 11.89 | 14/1 | 8.58 | 18/4 |
| 5 | Coupons | 15 years | 9.13 | 9.05 | 11.20 | 11.15 | 20/1 | 8.58 | 18/4 |
| 6 | | 25 years | 9.13 | 9.06 | 10.68 | 10.74 | 20/1 | 8.58 | 18/4 |
| 7 | High | 5 years | 9.10 | 9.03 | 11.78 | 12.07 | 20/1 | 8.73 | 18/4 |
| 8 | Coupons | 15 years | 9.26 | 9.17 | 11.34 | 11.32 | 20/1 | 8.73 | 18/4 |
| 9 | | 25 years | 9.17 | 9.08 | 10.82 | 10.81 | 20/1 | 8.73 | 18/4 |
| 10 | Irredeemables | † | 8.73 | 8.70 | 10.23 | 10.35 | 27/1 | 8.38 | 18/4 |
| | Index-Linked | | | | | | | | |
| 11 | Inflat'n rate 5% | 5 yrs | 3.63 | 3.38 | 0.0 | 5.18 | 14/1 | 3.24 | 29/4 |
| 12 | Inflat'n rate 5% | Over 5 yrs | 3.29 | 3.26 | 0.0 | 4.01 | 20/1 | 3.26 | 13/5 |
| 13 | Inflat'n rate 10% | 5 yrs | 2.41 | 2.32 | 0.0 | 4.23 | 14/1 | 2.11 | 29/4 |
| 14 | Inflat'n rate 10% | Over 5 yrs | 3.12 | 3.12 | 0.0 | 3.85 | 14/1 | 3.11 | 13/5 |
| 15 | Debs & | 5 years | 10.13 | 10.10 | 12.27 | 12.78 | 27/1 | 9.88 | 22/4 |
| 16 | Loans | 15 years | 10.07 | 10.02 | 11.93 | 11.93 | 4/2 | 9.79 | 22/4 |
| 17 | | 25 years | 10.01 | 9.94 | 11.72 | 11.83 | 21/1 | 9.69 | 17/4 |
| 18 | Preference | † | 10.76 | 10.72 | 12.63 | 12.18 | 24/2 | 10.61 | 9/5 |

◊ Opening index 1558.2; 10 am 1560.5; 11 am 1563.7; Noon 1561.5; 1 pm 1561.0; 2 pm 1562.5; 3 pm 1563.3; 3.30 pm 1565.3; 4 pm 1565.3.

| Equity section or group | Base date | Base value | Equity section or group | Base date | Base value |
|---|---|---|---|---|---|
| Telephone Networks | 30/11/84 | 517.92 | Food Manufacturing | 29/12/67 | 114.13 |
| Electronics | 30/12/83 | 1646.65 | Food Retailing | 29/12/67 | 114.13 |
| Other Industrial Materials | 31/12/80 | 287.41 | Insurance Brokers | 29/12/67 | 96.67 |
| Health/Household Products | 30/12/77 | 261.77 | Mining Finance | 29/12/67 | 100.00 |
| Other Groups | 31/12/74 | 63.75 | All Other | 10/04/62 | 100.00 |
| Overseas Traders | 31/12/74 | 100.00 | British Government | 31/12/75 | 100.00 |
| Mechanical Engineering | 31/12/71 | 153.84 | Do. Index-linked | 30/04/82 | 100.00 |
| Office Equipment | 16/01/70 | 162.74 | Debs. & Loans | 31/12/77 | 100.00 |
| Industrial Group | 31/12/70 | 128.20 | Preference | 31/12/77 | 76.72 |
| Other Financial | 31/12/70 | 128.06 | FT-SE 100 Index | 30/12/83 | 1000.00 |

† Flat yield. A new list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 28p.

● Corrected figures for 15/5/1986.

## Boosey & Hawkes losses rise to £5m

LOSSES AT Boosey & Hawkes, musical instrument maker and music publisher, increased greatly in 1985 with a pre-tax deficit of £5.01m being recorded against a loss of £32,000 in the previous year.

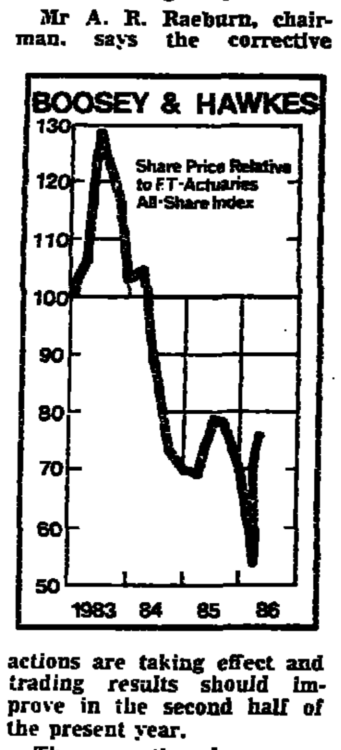
The directors say the result was struck after non-recurring costs totalling more than half of the pre-tax loss. The items include rationalisation costs and costs associated with a more cautious view being taken of slow-moving stocks and those lines which have been discontinued.

There was also non-recurring promotional spending.

Turnover fell from £39.03m to £37.72m an dthe loss per share came out at 137.6p (13.3p). Again there is no dividend.

The directors say that the instrument section suffered heavy losses during the year in addition to the non-recurring costs. Music publishing profits throughout the world improved marginally.

Mr A. R. Raeburn, chairman, says the corrective




actions are taking effect and trading results should improve in the second half of the present year.

The operating loss came out at £3.14m (£1.55m profit), and the interest charge was £1.87m (£1.59m). Tax was £357,000 (£447,000) and minorities took £23,000 (£31,000).

### ● comment

If the market felt a little more confident about the intentions of the mystery bidder seen stalking Boosey & Hawkes last month, these frightful results might have sent the shares soaring, instead of knocking them 20p to 200p. The last management attempt to sort out this haphazardly run company by tackling a world market in which the Japanese dominate has evidently failed. The latest bunch of new managers have slammed on the brakes, written-down stock, laid off about one-fifth of the workforce, evacuated the old Regent Street HQ, and changed the marketing—and yet may still not have gone far enough. The share price is inflated by hopes that the bidders will return, and investors must be discounting hints dropped by Carl Fisher, the US publishing company which owns 48 per cent of the shares, that it does not wish to sell.

## TKM/Kenning

TKM's offer of seven 8.5 per cent convertible shares for every four shares in Kenning Motor Group has been accepted by 64.8 per cent of shareholders. Prior to the offer Mr Ron Brierley's IEP Securities owned 29.9 per cent of Kenning and another connected company owned almost two-thirds of TKM. The offer for Kenning has therefore gone unconditional.

## City and Foreign

As at 3 pm on May 15 received acceptances representing 2.37 per cent of the capital of City and Foreign Investments. The offer period is extended until 3 pm on Friday May 23.

## Elders attacks Allied's £1.2bn Hiram purchase

BY MARTIN DICKSON

Elders IXL, the Australian company which has made a £1.8bn takeover bid for Allied-Lyons, the food and drinks group, yesterday attacked Allied's proposed £1.2bn purchase of Hiram Walker Spirits as "a defensive move at considerable expense to its shareholders."

It accused Allied of failing to demonstrate any real commercial logic behind the acquisition of the Canadian wines and spirits company and had not "justified the high price paid for a business with a static profit record over many years, and whose recently announced interim profits showed a decline of 17 per cent.

"In fact, the board appears so unconfident of convincing Allied's ordinary shareholders of the benefits of the acquisition that it has attempted to cloud the issue by not even disclosing full details of how it proposes to finance the acquisition," Elders said, in what it termed a press briefing paper.

Elder's bid for Allied is currently being considered by the Monopolies Commission, but whatever the outcome of that inquiry the Hiram Walker deal might act as a "poison pill" and make Allied too big for Elders to swallow.

Sir Derrick Holden-Brown, chairman of Allied, hit back last night, saying that Elders briefing was an attempt to knock the company's share price and help Elders take Allied over.

He said the Hiram deal would give the group the opportunity to develop international brands and international distribution on a worldwide basis, taking corporate strategy a "quantum leap ahead." The price was fair and realistic.

Allied, he added, had already disclosed broadly how it intended to finance the acquisition. "When the timing of completion becomes clearer we will decide on the most appropriate mix of debt and equity."

The Hiram deal still has to get the approval of the Canadian regulatory authorities and faces a challenge in the courts from Gulf Canada, which took over the spirits company parent after the deal with Allied was struck.

Elders argued that Allied's wines and spirits division had a "lamentable record" and was singularly unsuitable to redress the signs of maturity showing in the Hiram Walker business.

It added that Allied's circular to its shareholders on the deal had been noticeably silent on any information on Hiram's current year profits and prospects, and it seemed shareholders were meant to approve the deal on the basis of information eight months old.

Sir Derrick said Allied had already stated Hiram's recent profit decline did not affect its conviction that the deal was in long-term interests of shareholders.

## THF criticises Savoy plan to issue shares

BY MARTIN DICKSON

Trusthouse Forte, which has been trying for years to acquire the Savoy Hotel group, yesterday attacked an attempt by the Savoy board to get shareholders' approval to issue more shares.

THF's attempts to take over the Savoy have been thwarted by the fact that although it holds 69 per cent of the group's A and B shares, it has only 42.5 per cent of the total votes, since the B shares carry 40 times the votes attached to the A shares.

A resolution on the agenda of the Savoy's AGM on May 27 would allow directors to issue additional share capital to "an aggregate nominal amount of £500,000."

THF, in a letter to Savoy shareholders, complained yesterday that no indication was given as to how this sum might be applied as between the A and B shares. If the maximum number of B shares were issued, this would dilute shareholders' voting power by one third and, it added," could adversely affect the market value of your shares by reason of the control situation."

The Savoy said yesterday that it was considering the letter and would probably make a statement on Monday.

## Hawtal raises £2.6m and gets full listing

BY TERRY POVEY

Hawtal Whiting, the car engineering design service company which does most of its work for General Motors of the US, is raising £2.6m through a placing and moving up from the USM to the main market.

When Hawtal joined the USM in October 1984 just under a quarter of its shares were placed at 197p with institutions. Of the placing which has just been completed 634,000 will be new shares issued by the company and the other 230,000 are being sold by two of the company's co-founders. After this issue and the disposal, the directors will own 63.7 per cent of the equity.

The 435p placing price is at a small discount to the market's 460p following the 7p dividend and values the company at just over £31m. Pre-tax profits in the year to January 10 were £2.11m, against £442,000 the previous year, on sales up to £12.9m from £6m.

Of the £2.6m net raised from the placing, £700,000 is to finance additional office building, £500,000 for refinancing lease purchase arrangements on equipment and £100,000 for the part of the acquisition costs of a controlling interest in Tennant (Panels).

As of April 25, Hawtal had net debt of £3.2m and in addition the company had lease purchase commitments of £2.46m. Shareholders' funds at the January 10 year end were £3.3m.

## York Mount £2m rights

BY RICHARD TOMKINS

York Mount, USM-quoted construction, property and printing group, yesterday announced a downturn in profits from £203,000 to £176,000 for the year to December and proposed a deeply-discounted six-for-five rights issue at 41p a share.

The existing ordinary shares closed 5p up at 65p.

Mr Harry Turpin, chairman, said the downturn had been caused mainly by the poor performance of the construction and partitioning subsidiary which had a particularly bad last quarter. Its losses had continued into the current year, and with the company picking up very little work it had now been sold.

The printing subsidiary had increased trading profits by 37 per cent and the rental roll of the property division was now over £300,000, Mr Turpin said. Property development had a flat year

The rights issue will raise about £1.9m, which will be used to wipe out the group's overdraft of £1.7m and provide capital for expansion. Mr Turpin said acquisitions in diverse areas were under consideration which would turn York Mount into more of an industrial holding company.

## Feb Intl. £0.7m in the red

HEAVY pre-tax losses are reported by Feb International, the Manchester-based chemical manufacturer and retail distributor of building materials, for 1985.

The group was £71,000 in the red at halfway, but worsening results of the builders' merchant division, together with increased costs, including exchange losses, pushed Feb £716,000 into the red. This compares with profits of £811,000 in 1984.

Turnover from continuing operations during the year was static at £20.8m. There was a loss on ordinary activities of £58,000 (£1.38m profit), and depreciation and amortisation accounted for £338,000 (£391,000). Interest payable was up from £178,000 to £270,000. The loss per share on continuing operations was 5.93p (earnings of 7.79p). Net asset value per share was down from 70.65p to 56.13p, and the final dividend is cut from 2.0185p to 0.89p for a total of 1.78p (2.904p).

### DIVIDENDS ANNOUNCED

| | | | | | |
|---|---|---|---|---|---|
| CFS‡ | 1.5 | July 3 | 1.3 | 2.2 | 1.3 |
| Feb Intl | 0.89 | July 1 | 2.02 | 1.78 | 2.9 |
| McCarthy and Stone int | 0.82 | July 25 | 0.67 | — | 2.72 |
| Personal Assets | 0.35 | July 21 | 0.2 | 0.35 | 0.2 |
| Whitbread Inv | 5.07 | July 25 | 4.56 | 7.44 | 6.73 |
| Yorklyde | 4.25 | — | 3.75 | 7 | 6 |

Dividends shown in pence per share except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

## Mowlem sweeps in for SGB at £160m

By Lionel Barber

John Mowlem, the UK construction and contracting group, yesterday swept to victory with its £160m agreed bid for SGB, Britain's largest scaffolding business.

Mowlem declared its offer wholly unconditional after BET, the diversified services group, dropped its £117m bid for SGB despite clearance yesterday from the Monopolies and Mergers Commission.

Clearance was also given to the Mowlem bid yesterday by the Trade Secretary, Mr Paul Channon, who decided not to refer it to the MMC.

BET said yesterday that it would accept the Mowlem offer for its remaining 8.9 per cent stake in SGB though, in fact, it sold in the market at 348p per share.

Last month, when Mowlem announced its offer, BET sold a 5.1 per cent stake to Mowlem for cash at 372p per share. Excluding costs, BET said it had made a £6.4m profit on its stake in SGB, having paid an average of 248p for its 14 per cent stake.

BET said it had wanted to keep its options open and therefore had not sold its 14 per cent stake in one block.

Mowlem's bid was substantially more than BET's and brings together Mr Philip Beck, Mowlem chairman, and Mr Oliver Beck, SGB chairman. Their father, Sir Edgar Beck, was once chairman of both companies.

The successful bid creates a new group employing about 19,000 people directly with combined sales of [illegible].

The Monopolies Commission report said that the proposed BET acquisition of SGB was not expected to operate against the public interest, even though the merger company would be much larger than any other in the UK "access" industry, the provision of equipment for access to working areas for construction and maintenance.

It said that increased concentration over the past 10 years at the top end of the market had not prevented a considerable growth in the number of smaller competitors and a general increase in competition.

The Commission also found that expensive technology did not present a barrier to the ability of smaller companies to grow and compete with the largest.

Dealing with the effect of the merger in separate sectors of the access market such as scaffolding and the offshore sector, the Commission found that there was a small number of large customers who had enough purchasing power to resist any attempt by the merged company to raise prices.

Equally, there were many small companies advertising as hirers of scaffolding equipment. In other sectors of the market, such as the supply of ladders, towers and cradles, the Commission concluded that ease of entry and the strength of competition would prevent the merged company from exerting monopoly power.

Mr Nicholas Wills, BET's chief executive, welcoming the MMC decision, said: "It had begun to look as though com petition rules were going to frustrate any bids which had commercial logic and permit only conglomerate bids."

## Kleinwort Benson

An article on May 15 incorrectly stated that Kleinwort Benson was planning to take control of Transinternational Life, now known as Regency Life.

Kleinwort Benson Development Capital and its clients made an investment of £2m into Regency Life in September 1985 in the form of preference capital. The intention is that Kleinwort Benson will arrange a further injection of £8m to £10m by a placement in about a year's time.

## Royal Dutch/Shell

An anti-Apartheid demonstration disrupted the Royal Dutch annual meeting in the Hague on Thursday, not the Shell annual meeting in London as was stated in yesterday's Financial Times.

## BANK RETURN

### BANKING DEPARTMENT

| | Wednesday May 14, 1986 | Increase (+) or decrease (—) for week |
|---|---|---|
| LIABILITIES | £ | £ |
| Capital | 14,553,000 | — |
| Public Deposits | 77,650,508 | + 1,442,97 |
| Bankers Deposits | 855,491,338 | — 75,116,664 |
| Reserve and other Accounts | 1,353,235,558 | — 93,691,337 |
| | 2,300,930,504 | —167,365,028 |
| ASSETS | | |
| Government Securities | 531,610,932 | — 83,506,080 |
| Advance & other Accounts | 790,461,997 | + 238,503,996 |
| Premises Equipment & other Secs. | 971,558,984 | — 323,692,734 |
| Notes | 7,116,660 | + 1,312,900 |
| Coin | 291,931 | + 15,841 |
| | 2,300,930,504 | — 167,365,028 |

### ISSUE DEPARTMENT

| | | |
|---|---|---|
| LIABILITIES | £ | £ |
| Notes in circulation | 12,202,883,340 | — 151,312,900 |
| Notes in Banking Department | 7,116,660 | + 1,312,900 |
| | 12,021,000,000 | — 150,000,000 |
| ASSETS | | |
| Government Debt. | 11,015,100 | — |
| Other Government Securities | 3,045,999,306 | + 159,114,912 |
| Other Securities | 9,152,985,594 | — 309,114,912 |
| | 12,210,000,000 | — 150,000,000 |

# RECENT ISSUES

## EQUITIES

| Issue Price | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price | + or - | Net Div. | Times Covered | Gross Yield | P.E. Ratio |
|---|---|---|---|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## FIXED INTEREST STOCKS

| Issue Price £ | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price £ | + or - |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

## "RIGHTS" OFFERS

| Issue Price p | Amount Paid up | Latest Renunc. Date | 1986 High | 1986 Low | Stock | Closing Price p | + or - |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

[illegible]



## LONDON TRADED OPTIONS

| Option | | CALLS July | CALLS Oct. | CALLS Jan. | PUTS July | PUTS Oct. | PUTS Jan. |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

May 16. Total contracts 16,177. Calls 9,164. Puts 7,013

# INTERNATIONAL COMPANIES and FINANCE

# C H Tung unveils rescue scheme

BY DAVID DODWELL IN HONG KONG

CREDITORS to the public and private arms of C. H. Tung, the floundering Hong Kong-based shipping group, were yesterday brought together for the first time to consider details of a financial reconstruction plan intended to save the group from bankruptcy.

The plan, which comes eight months after the group revealed it was in financial difficulties, took 3½ hours to present to the shipping group's 150 creditors.

The proposals would leave two main operating companies—Orient Overseas Holdings to handle the group's container operations, and Tung Tankers and Bulkers (TTB) to operate the remainder of its fleet.

In what is thought to be an unprecented arrangement in Hong Kong, these companies would be controlled by a holding trust in which creditors will hold certificates of beneficial interest.

Under the plan, about 35 per cent of the group's US$2.6bn debt would be converted into equity and written down. Japanese banks are exposed to about 40 per cent of all debt, with US and Hong Kong banks accounting for a further 35 per cent.

Only 12 of the 24 new ships on order to the group would be delivered. These would be formed into a separate company that would lease vessels to the group's operating companies. Cancellation charges have yet to be negotiated with the Japanese shipyards, which have already completed 15 of the vessels on order.

Five leading creditor banks have agreed to try to syndicate a loan for US$250m to fund delivery of the new vessels. This follows agreement two months ago by Mr Henry Fok, a Hong Kong businessman who has strong commercial links with Macao and mainland China, to inject US$100m into the reconstructed Orient Overseas, and a further $20m into the company holding the new buildings.

C. H. Tung is the second largest shipping group in Hong Kong. It currently has 29 container vessels and 56 tankers and bulkers, which serve more than 100 ports. It operates seven container terminals worldwide, and employs 9,400 people. In 1980, it acquired the UK-based Furness Withy group.

The private arm of the group—which is responsible for about $1.25bn of overall debt—controls about 500 subsidiaries. Orient Overseas, which is the group's public arm, controls more than 300.

Proposals from Shearson Lehman and Hambros, the two financial advisers to the group, aim at appeasing the conflicting interests of the wide range of secured, unsecured, and partly secured creditors, by suggesting four levels of obligation to creditors:

- No interest will be paid to creditors who have debt fully secured against the market value of vessels. This will be called "senior debt." Amortisation will begin in 1988.
- Unsecured or undersecured creditors will first be offered interest-bearing notes—US$100m-worth in Orient Overseas and US$50m-worth in TTB.
- Above this, they will be offered cumulative preference shares in the companies—$50m-worth in Orient and $20m-worth in TTB.
- They will be provided with equity in the new companies.

Creditors have been given about three weeks to respond to the reconstruction package, with four banks acting as an advisory committee to act as intermediaries if and when problems arise.

The unusual holding trust that will be parent to the two operating companies will exist simply to draw dividends which are expected eventually to reimburse creditor institutions for their loans.

Management control of the operating companies remaining after the reconstruction would stay in the hands of Mr C. H. Tung, who would be chairman of each of them.

# De Benedetti builds up French side with takeover of Davigel

BY ALAN FRIEDMAN IN MILAN

BUITONI, THE Italian foods company which is controlled by Mr Carlo De Benedetti, is paying FFr 330m ($47m) to acquire 70 per cent of Davigel, the leading French frozen fish distributor.

The acquisition, which will see Buitoni France paying 31 times earnings for its shareholding control of Davigel, has the effect of more than doubling Buitoni's turnover in France. On a group basis, the French acquisition increases total Buitoni sales by more than a fifth.

The Davigel takeover is in line with Mr De Benedetti's previously stated ambition of expanding significantly the French activities of Buitoni. Buitoni France in 1985 had total sales of FFr 1.1bn. Davigel, which employs 1,300 people, had a 1985 turnover of FFr 1.3bn last year.

Buitoni is acquiring 35 per cent of Davigel from the Compagnie Financiere Sucres et Denrees, the private foods trading group, and the other 35 per cent from Mr Jean-Pierre David, a leading shareholder of Davigel. Compagnie Financiere and Mr David will retain 15 per cent each. Davigel's 1985 net profit was FFr 10.5m.

Mr De Benedetti acquired control of Buitoni last year. The shareholding is held by CIR, his main holding vehicle. Buitoni broke even in 1985, recovering from a 1984 loss of L47.7bn ($31.6m). Buitoni group turnover last year was L1,177bn of which sales outside of Italy represented 57 per cent.

# Fundraising moves by Pargesa

BY WILLIAM DULLFORCE IN GENEVA

PARGESA, the Swiss holding company which has experienced a dramatic expansion since it was reactivated in 1981 to prevent the nationalisation of the international operations of France's Banque Paribas, is planning another large capital increase.

In a first step it will offer shareholders one-for-six rights issues of both nominal SFr 1,000 ($555) bearer shares and nominal SFr 100 registered shares at prices of SFr 1,375 a bearer share and SFr 137.50 a registered share. This will raise its share capital from SFr 891m to SFr 1.04bn.

A further increase in share capital to SFr 1.15bn will be effected in part by two equity-linked bond issues, one of SFr 100m, the other of Ecu 50m. To cover the warrants an issue of 100,000 new bearer shares will have to be authorised. The terms of the bond issues will be announced later.

Because company statutes stipulate that a balance must be kept between the numbers of bearer and registered shares, Pargesa will also offer shareholders a 1-for-9.45 rights issue of registered shares at a price equivalent to one-tenth of the market price for the bearer share.

The total exercise, it is estimated, will raise just over SFr 400m in new funds. The 1985 annual report shows shareholders' funds of SFr 980m at the end of December.

The new capital will be used to accumulate assets to secure the company's future and to sustain growth, Mr Gérard Eskenazi, the joint managing director, said. The aim was to ensure a regular and fairly rapid growth in shareholders' dividends.

Pargesa reverted to calendar year accounts last year, when it published a consolidated report for the first time. Net consolidated earnings in 1985 were SFr 103m, up from SFr 74m. Net earnings per share have advanced from SFr 44 in 1982 to SFr 131 last year with the shareholders' dividend rising from SFr 14.5 a share to SFr 56 over the same period.

The company has already increased its holding in Lambert Brussels Corporation (LBC) by 8.7 per cent to 25.2 per cent. Together with Groupe Bruxelles Lambert (GBL) Pargesa controls LBC, which in turn holds a 28.3 per cent stake in Drexel Burnham Lambert, the US investment banking and securities company. Drexel contributed almost 43 per cent of Pargesa's net earnings last year.

Among other projects mentioned by Mr Eskenazi was a joint venture with Drexel in a new company, Transcapital, to underwrite in Europe high-yield bonds of the type in which Drexel has been the leader in the US.

A new banking unit, owned jointly with GBL, is being formed in France through the merger of Société Internationale de Banque with the recently acquired Banque de Gestion Privée.

# Sandvik profit up 19% in opening period

By Our Financial Staff

SANDVIK, the Swedish special steels and cemented carbide group which claims to be the world's biggest maker of saws and saw blades, has announced a 19.6 per cent increase in first quarter profits before tax and appropriations to SKr 433m ($61.1m) from SKr 362m in the comparable period a year earlier.

The company said yesterday that despite a 2 per cent weakening in new orders and invoicing during the period, it counts on being able to maintain the same level of profits for 1986 as a whole that was achieved in 1985, when there was a 59 per cent increase to SKr 1.61bn.

Sales during the first quarter rose relatively modestly to SKr 3.15bn from SKr 3.1bn, nearly matched by a SKr 35m increase in cost of sales. The rise in net profits was aided by a SKr 10m gain on exchange differences and by a SKr 47m decline in financial outgoings.

As between different product groups, cemented carbide, steel and saws and tools all showed a gain of 3 per cent in invoiced sales. Process systems and other products—accounting for only SKr 117m of total sales—showed a 19 per cent decline.

Sandvik also announced yesterday that it is introducing for a trial period of three years a profit-sharing scheme for all its wholly-owned Swedish companies. The first allocations, which the company did not quantify, will be made in 1987—Sandvik's 125th anniversary year.

Asea, the big Swedish power utility and engineering group, has announced a 44.6 per cent increase in first quarter earnings after financial items, from SKr 791m to SKr 547m. Sales rose 50 per cent to SKr 13.12bn from SKr 8.74bn. Profits are forecast to be maintained at last year's level for 1986 as a whole.

The company pointed out that this huge surge resulted in part from the SKr 2.8bn invoicing of the Oskarshamn 3 nuclear power station in Sweden. Expressed as a percentage of sales, profits in the period eased to 5.5 per cent from 5.8 per cent a year earlier, although excluding a steep rise in low margin trading business, they increased to 5.9 per cent.

Orders during the period were up 23 per cent to SKr 12.1bn, a figure which does not include the recent SKr 2.5bn contract won by Asea for the Istanbul light railway system.

# Holmes a Court reveals meeting with Elders chief

BY LACHLAN DRUMMOND IN SYDNEY

MR Robert Holmes à Court, the Perth businessman who is currently bidding for effective control of Broken Hill Proprietary (BHP), Australia's largest company, proved the star attraction yesterday as the public hearing started by the country's National Companies and Securities Commission into defensive cross-shareholding deals arranged between BHP and Mr John Elliott's Elders IXL.

He said that Mr Elliott had suggested during a meeting between the two last week that he might buy out Mr Holmes à Court's BHP Holding for an A$400m (US$286.6m) profit.

Mr Holmes à Court also said that the Elders chairman had said he would consider a "firm" offer from Mr Holmes à Court for 100 per cent of Elders, and told the Bell Group chief to call him in London when he was ready to nominate a price. "I said, 'we'd get to buy the shares, and you'd get to be Prime Minister of Australia'," Mr Holmes à Court said.

The Commission also heard that Mr Holmes à Court offered in turn to buy from Mr Elliott his BHP parcel "for a profit of about $300m to $400m" — but that Mr Elliott claimed he could not sell his BHP shares "and still do business in this town (Melbourne)."

According to Mr Holmes à Court, Mr Elliott said he would be letting down the executive directors of BHP if he sold his BHP shares to Bell — and he claimed the BHP board would never accept the Bell Resources offer.

Mr Holmes à Court told the hearing he met Mr Elliott, at the request of the Elders chief, on April 12 after Elders had announced it controlled just less than 20 per cent of BHP and Bell Resources had acquired about 2 per cent of Elders.

"He asked me whether I would be prepared to sell my BHP shareholding," Mr Holmes à Court said. "I said I could not see how I could sell — we had a formal bid out. He said he had legal advice that we could sell. I said I was not interested."

Mr Holmes à Court then told Mr Elliott he had a "very real interest in taking over Elders," and would offer more than the company was worth on fundamentals.

Mr Elliott was said to have told Mr Holmes à Court the offer would have to be for 100 per cent control — and added that the company had no debt and that its Carlton and United Breweries subsidiary was worth more than its book value.

"He said, 'Give me a firm price,' and he gave me his phone number in London."

# Quiet first quarter at Ericsson

BY OUR FINANCIAL STAFF

ERICSSON, the Swedish telecommunications group, reports that first-quarter sales rose 1 per cent to SKr 6.63bn ($938m) and that order bookings increased by 5 per cent to SKr 7.76bn. Comparative figures for last year were not revealed but Mr Bjoern Svedberg, president of the group, said the figures were "broadly in line with our plans for the year."

He explained the weak growth in invoicing by, among other factors, delayed orders in public telecommunications and the divestment of units in 1985.

"We are expecting an overall improvement for the group as a whole during the year, but it is still too early to give any firm view of 1986," Mr Svedberg said.

In 1985, as already reported, Ericssons pre-tax profit dropped 44 per cent to SKr 878m from SKr 1.58bn, while sales rose 11 per cent to SKr 32.5bn from SKr 29.38bn. The dividend was unchanged at SKr 9 a share.

"It will take time to achieve the profit levels we are aiming at. But I can see no reason to change our objectives for 1986," said Mr Svedberg.

Ericsson was aiming for breakeven in 1986 operating results for its American unit, Ericsson Inc.

Mr Svedberg pledged to shareholders that Ericsson wants to finance all expansion during 1986 from internal resources. "We do not anticipate any increase in our indebtedness nor any new share issue."

# Rights issue by Fletcher

BY OUR FINANCIAL STAFF

FLETCHER CHALLENGE, the New Zealand forestry and farming group, is to raise NZ$224m (US$126.6m) through a rights issue intended to fund unspecified expansion plans.

The company—the country's largest in terms of sales—said in a Wellington Stock Exchange statement it is to offer ordinary shares on a one-for-five basis as well as preference shares at 16-for-25.

Fletcher will also become New Zealand's first company to list its shares in American depositary receipt form.

The pricing of the rights represents a discount of more than 45 per cent to prevailing market levels. Payment is due in two tranches, in August and next April.

## EUROPEAN OPTIONS

| Series | Vol. | Last | Vol. | Last | Vol. | Last | Stock |
|---|---|---|---|---|---|---|---|
| [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |

TOTAL VOLUME IN CONTRACTS: 29,815

A=Ask B=Bid C=Call P=Put

# Finnish forest companies in merger

By Olli Virtanen in Helsinki

TWO FINNISH forest industry companies, Metsaliiton Teollisuus and G. A. Serlachius, will merge into the country's second biggest forest industry group with a combined turnover of FM 6.9bn ($1.4bn) last year.

The two companies, both of which make paper and board and have a joined pulp mill, will form a new company called Metsa-Serla, which they will own 50-50.

The two companies also announced yesterday that Metsa-Serla will invest about FM 1bn ($200m) in a new fine paper machine in Finland.

Metsa-Serla has 40 production units, including eight abroad. The group will employ a total of 13,000 people.

# NZ Forest Products

A REPORT in the Financial Times of May 10 on New Zealand Forest Products' annual results contained two errors resulting from inaccurate news agency reports. Final dividend was maintained at NZ 8.5 cents a share, to make an unchanged total of 14.5 cents for the year. Net profit for the year to March 31, 1986 was NZ$106.1m against NZ$121.5m for the previous year.





# Granville & Co. Limited

Member of The National Association of Security Dealers and Investment Managers

8 Lovat Lane London EC3R 8BP Telephone 01-621 1212

| High | Low | Company | Price | Change | Gross div.(p) | Yield % | P/E Actual | P/E Fully taxed |
|---|---|---|---|---|---|---|---|---|
| 146 | 118 | Ass. Brit. Ind. Ord. | 135 | — | 7.3 | 5.6 | 8.0 | 7.5 |
| 151 | 121 | Ass. Brit. Ind. CULS | 135 | — | 10.0 | 7.4 | — | — |
| 80 | 29 | Airsprung Group | 80 | — | 6.4 | 8.0 | 13.3 | 17.4 |
| 46 | 29 | Armitage and Rhodes | 45 | — | 4.3 | 14.8 | 3.8 | 4.3 |
| 177 | 108 | Bardon Hill | 170 | −2 | 4.0 | 2.4 | 21.5 | 22.4 |
| 65 | 42 | Bray Technologies | 65xd | — | 4.3 | 6.5 | 7.7 | 7.0 |
| 201 | 90 | CCL Ordinary | 93 | — | 12.0 | 13.3 | 2.2 | 2.1 |
| 152 | 93 | CCL 11pc Conv. Pf. | 93 | — | 15.7 | 16.9 | — | — |
| 150 | 80 | Carborundum Ord. | 142xd | — | 9.1 | 6.4 | 6.9 | 7.0 |
| 94 | 83 | Carborundum 7.5pc Pf. | 92 | — | 10.7 | 11.6 | — | — |
| 65 | 46 | Deborah Services | 56 | — | 7.0 | 12.7 | 5.7 | 7.5 |
| 32 | 8 | Frederick Parker Group | 23 | — | — | — | — | — |
| 112 | 50 | George Blair | 110 | — | — | — | 4.5 | 8.1 |
| 68 | 20 | Ind. Precision Castings | 58 | — | 3.0 | 5.2 | 15.3 | 12.8 |
| 218 | 156 | Isis Group | 156 | — | 15.0 | 9.6 | 12.0 | 17.9 |
| 122 | 101 | Jackson Group | 116 | — | 6.5 | 5.6 | 8.0 | 8.0 |
| 345 | 276 | James Burrough | 322 | — | 17.0 | 4.7 | 10.2 | 10.2 |
| 99 | 85 | James Burrough 9pcPf. | 98 | — | 12.9 | 13.2 | — | — |
| 75 | — | John Howard Group | 56xd | — | 5.0 | 8.9 | — | — |
| 1385 | 520 | Minihouse Holding NV | 1176xd | — | 6.7 | 0.7 | 38.8 | 46.0 |
| 370 | 143 | Record Ridgway Ord. | 320 | — | — | — | 5.7 | 9.9 |
| 100 | 70 | Record Ridgway 10pcPf | 100 | — | 14.1 | 14.1 | — | — |
| 82 | 32 | Robert Jenkins | 30 | — | — | — | 9.6 | 19.7 |
| 34 | 27 | Scruttons "A" | 34 | — | — | — | 7.1 | 7.1 |
| 87 | 66 | Torday and Carlisle | 66 | — | 7.0 | — | — | — |
| 370 | 320 | Trevian Holdings | 320 | — | 7.9 | 2.5 | 6.4 | — |
| 57 | 26 | Unilock Holdings | 26 | — | — | — | 3.7 | 4.6 |
| 175 | 93 | Walter Alexander | 170 | — | 6.8 | 4.0 | 14.9 | 11.4 |
| 226 | 190 | W. S. Yeates | 190 | — | 17.4 | 9.2 | 5.6 | 9.1 |

# WORLD STOCK MARKETS

## WALL STREET

# Depressed by sharp rise in money

STOCKS WERE sharply lower in quiet trading on Wall Street yesterday, depressed by higher interest rates, options-related arbitrage selling and a sharp increase in the US money supply.

At 1 pm the Dow Jones Industrial Average was down 13.64 to 1,761.04, making a loss of 28.39 on the week, while the NYSE All Common index, at 134.48, shed 81 cents on the day and $2.64 on the week. Declines led advances by a nine-to-four margin in a volume of 89.63m (85.8m) shares.

Traders said the market was quiet ahead of the hour later in the session when Options expire and sharp moves have been known to occur.

*Trading has been volatile*, including the 34 point Dow drop Thursday and 23 point gain the prior session. Traders said the size of the "spread" between the Dow and Futures contracts could give stocks a final push up, or down, later.

Navistar led actives $½ lower at $9⅝.

K Mart, up $½ to 49⅞xd, was second on the actives—it has been a rumoured restructing, or takeover, target.

Phibro Salomon declined $1⅛ to $50, among actives.

A number of Broker stocks were weaker, reflecting the rise in interest rates and the retreat of credit and Stock Markets, traders said.

American Brands recovered $1½ to $84⅝.

*Mercantile Stores fell $3½ to* $98¼ after Thursday's sharp rise.

Matsushita dipped $2½ to $87⅞, reflecting Tokyo weakness.

**Closing prices for North America were not available for this edition.**

THE AMERICAN SE Market Value index lost 0.89 to 271.16, making a loss of 1.79 on the week. Volume 7.42m (6.68m) shares.

Wiekes, unchanged at $5⅞, led actives. Home Shopping continued its advance, up $1⅛ at $50, after going public this week at $18.

### CANADA

Stocks fell in moderately active midday trading.

The Toronto Composite index dropped 15.52 to 3,047.08 and Golds shed 9.0 to 3,831.9, but Oil and Gas put on 13.8 to 2,784.3.

Bank of Montreal dipped C$⅞ to C$33 among actives—it took a C$200m writedown on energy-related loans because of lower oil prices.

Spar Aerospace lost C$1¼ to C$23½ on lower first quarter earnings, and it said it anticipates full year profit will be less than last year's.

Massey-Ferguson eased 10 cents to C$3.55—it plans to change its name to Varity Corp.

### HONG KONG

Easier in fairly active trading as overseas institutions continued to unload their holdings.

The Hang Seng index ended 7.09 down at 1,787.08, after rising eight points. The Hong Kong index fell 4.48 to 1,111.89. Turnover, HK$404.07m (HK$ 811m).

Some brokers linked the wide swings to arbitrage trading between stocks and the Hang Seng index futures contracts. The June contract fell 18 points to 1,827.

Sentiment turned mixed as the Cathay Pacific flotation failed to produce a rally. Cathay, which accounted for half the market's turnover on its trading debut Thursday, was again the most active issue as it closed unchanged at HK$5.15.

### TOKYO

Share prices nosedived in moderate trading, sparked by steep falls on Wall Street and London, plus a lack of fresh incentives to buy.

The Nikkei Dow Average plunged 273.03 in early afternoon but partially rebounded to end down 185.64 at 15,739.05. Turnover 430m (480m) shares.

The S.E. index fell 14.69 to 1,240.74 and the second section weakened on volume of 17m (27m) shares.

### GERMANY

Mostly down after a moderately active session, but off their lows seen in early trading as some short-covering emerged ahead of the long Whitsun weekend.

The firmer dollar also made for resistance at the low levels seen in pre-Bourse trading, but uncertainty over the medium-term prospects of the dollar continues.

Foreign investors were seen on both the buying and selling side.

The Commerzbank index of 60 *leading shares*, calculated at mid-session, fell 26 points to 1,960.2.

Banks saw some substantial losses, with Commerzbank shedding DM 7 to 312 and Deutsche DM 7.50 to 791. Dresdner dipped DM 4 to 431, despite news that its operating profit for the first few months of this year was higher than in the same 1985 period and strong earnings prospects for full 1986.

Motors saw VW fall DM 9.20 to 548.80 and Daimler DM 10 to 1,315, but BMW added DM 4.50 at 559.50 on Press reports that it expected good business in the US in 1986.

Steels bucked the trend, with Thyssen edging DM 0.70 higher to 161.80.

### AUSTRALIA

Share markets closed steady, bouncing back from the day's low following rumours of a possible full bid by Elders IXL for BHP.

The All Ordinaries index finished steady at 1194.3, after to 1184.5, but the All Industrials index was 7.9 easier at 1945.4. The All Resources index rose 5.4 to 626.8, while the Gold index shed 3.5 to 836.2. Turnover 78.1m shares worth $117.9m with falls outnumbering rises 282-to-177.

BHP were keenly traded and closed 14 cents firmer at A$8.22, after opening at A$8.00—about 2.8m shares changed hands. Bell Resources slipped 5 cents to A$3.95, while Bell Group gained 10 cents to A$8.60. Elders IXL traded in a narrow range and finished steady at A$4.40.

Adsteam were also steady at A$12.90. Most Industrials closed near the day's highs after being sold off heavily in bearish morning trading.

Adsteam associate David Jones lost A$1.00 to A$11.50, FAI 20 cents to A$8.16, IEL 10 cents to A$6.19 and Woolworths 8 cents to A$3.10.

News Corporation moved up 50 cents to A$22.50.

### AMSTERDAM

Mainly lower for the Whitsun weekend, on a turnover of Fls 520m. "Nobody wants to take risks, we are mostly talking about our holidays," a dealer said.

Insurer AMEV shed Fls 0.20 at 76.80 o amarket expectations it will report lower first quarter results on May 22. Pakhoed trimmed opening losses to close at Fls 50.00 ex its Fls 3.20 dividend, despite pessimistic prospects announced yesterday.

Buehrmann-Tetterode lost Fls 3.50 to 154.00 in contrast to an expected rise in net profits per share.

KLM and Fokker were among the rare risers.

### PARIS

Share prices continued lower in active trading with operators unwilling to take any initiative before the weekend and Whit Monday holiday, dealers said.

French shares showed 103 lower against 59 up. Foreign stocks declines led advances by 44-to-13.

### SWITZERLAND

Mixed on very low turnover. The weaker trend on major bourses abroad dampened sentiment.

In the Foreign sector Dollar stocks traded mixed at prices around the parity of 1.84 Swiss francs.

### MILAN

Sharply higher in nearly record trading on the last day of the May trading month. The Milan Stock index was up a strong 2 per cent.

Brokers said many issues continued to gain ground in unofficial after Bourse trading, with Automaker Fiat adding L400 to its official close of L14,820.

## NEW YORK

## NEW YORK INDICES

## NEW YORK ACTIVE STOCKS

## CANADA

## AUSTRIA

## BELGIUM/LUXEMBOURG

## DENMARK

## FRANCE

## GERMANY

## ITALY

## NETHERLANDS

## NORWAY

## SPAIN

## SWEDEN

## SWITZERLAND

## AUSTRALIA

## HONG KONG

## JAPAN

## SINGAPORE

## SOUTH AFRICA

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Schillings.

# CURRENCIES and MONEY

## FOREIGN EXCHANGES

# Dollar sentiment improves

The dollar improved on its Far East gains to show a further improvement in London yesterday. A number of factors were suggested as a possible reason for the dollar's recovery but these were all reasons that would have been ignored a month ago. While providing some stimulus to push the dollar firmer, the principle reason behind the dollar's rise was a lack of renewed initiative to push it down to new lows.

In the absence of any fresh incentive to push the dollar lower, comments by Japanese and West German officials which hinted broadly at the growing likelihood of central bank intervention by those two countries to support the dollar, and a surprisingly large increase in US money supply, prompted short covering ahead of the weekend.

A tighter US domestic money market and a consequent rise in short term rates provided further incentive to delay any bearish sentiments in the dollar. The latter rose to DM 2.2110 from DM 2.1985 against the D-mark, having touched a high of DM 2.2185. It was also higher agaist the yen at Y165.35 from Y163.60. Elsewhere, it rose to SFr 1.8410 from SFr 1.8280 and FFr 7.0425 compared with FFr 7.01. On Bank of England figures, the dollar's exchange rate index rose from 113.6 to 114.4.

Sterling was slightly weaker overall. Its exchange rate index finished at 76.0, up from an opening level of 75.9 but down from 76.1 on Thursday. Against the dollar it closed at $1.5250-1.5260, a fall of 95 points. It was also weaker against the D-mark at DM 3.3725 from DM 3.3750 and FFr 10.7450 compared with FFr 10.76. However it showed gains against the yen and Swiss franc at Y252.25 and SFr 2.8075 from Y251.25 and SFr 2.8050 respectively.

A fall in the UK rate of inflation to 3 per cent was considered to be encouraging but was also widely expected while concern over a rise in US interest rates hardly improved sentiment.

### £ IN NEW YORK

| May 16 | Latest | Prev. close |
|---|---|---|
| £ Spot | $1.5250-1.5260 | $1.5360-5370 |
| 1 month | 0.45-0.42pm | 0.44-0.42pm |
| 6 months | 1.19-1.14pm | 1.23-1.18pm |
| 12 months | 3.60-3.55pm | 3.65-3.56pm |

Forward premiums and discounts apply to the U.S. dollar.

### STERLING INDEX

| | May 16 | Previous |
|---|---|---|
| 8.30 am | 75.9 | 76.2 |
| 9.00 am | 75.9 | 76.1 |
| 10.00 am | 76.1 | 76.2 |
| 11.00 am | 76.0 | 76.2 |
| Noon | 76.0 | 76.2 |
| 1.00 pm | 76.0 | 76.2 |
| 2.00 pm | 76.0 | 76.2 |
| 3.00 pm | 76.0 | 76.2 |
| 4.00 pm | 76.0 | 76.1 |

### OTHER CURRENCIES

| May 16 | £ | $ |
|---|---|---|
| Arg'tina | 1.2954-1.3106 | 0.8500-0.8510 |
| Aus'alia | 2.1095-2.1130 | 1.3840-1.3855 |
| Brazil | 20.98-21.11 | 13.77-13.84 |
| Finland | 7.7630-7.8030 | 5.1130-5.1180 |
| Greece | 208.95-211.46 | 137.41-140.29 |
| H'kong | 11.8975-11.9175 | 7.8100-7.8120 |
| Iran | 120.00* | 78.20* |
| Kuwait | 0.4405-0.4415 | 0.28850-0.28800 |
| Lux'burg | 68.75-68.85 | 45.05-45.15 |
| Malaysia | 3.9500-3.9600 | 2.5935-2.5985 |
| N'Z'land | 2.7535-2.7635 | 1.8065-1.8165 |
| Saudi Ar. | 5.5600-5.5700 | 3.6500-3.6515 |
| Sin'pore | 3.3675-3.3775 | 2.2110-2.2130 |
| S.Af.(Cm) | 3.3065-3.3180 | 2.1690-2.1765 |
| S.Af.(Fn) | 5.0890-5.2666 | 3.3175-3.4530 |
| U.A.E. | 5.5930-5.6030 | 3.6715-3.6745 |

* Selling rate.

### CURRENCY RATES

| May 16 | Bank rate % | Special Drawing Rights | European Currency Unit |
|---|---|---|---|
| Sterling | — | 0.769869 | 0.637426 |
| US $ | 6½ | 1.17328 | 0.971118 |
| Canadian $ | 5.59 | * | 1.33606* |
| Austria Sch | 4 | 18.2282 | 15.1057 |
| Belgian Fr | 8½ | 53.0029 | 43.8873 |
| Danish Kr | 7 | 9.59450 | 7.95831 |
| D'mark | 3½ | 2.59565 | 2.14976 |
| Guilder | 4½ | 2.92675 | 2.42294 |
| French Fr | 9½ | 8.27632 | 6.85561 |
| Lira | 13 | N/A | 1474.40 |
| Yen | 3½ | 192.711 | 160.963 |
| Norway Kr. | 8 | 8.85181 | 7.51738 |
| Span'h Pta. | — | 164.729 | 136.394 |
| Swedish Kr. | 8 | 8.36021 | 6.91193 |
| Swiss Fr. | 4 | 2.16083 | 1.79046 |
| Greek Drch | 20½ | 162.857 | 134.565 |
| Irish Punt | — | N/A | 0.707039 |

* C$/SDR rate for May 15: 1.62373.

### CURRENCY MOVEMENTS

| May 16 | Bank of England Index | Morgan Guaranty Change% |
|---|---|---|
| Sterling | 76.0 | —15.4 |
| U.S. dollar | 114.4 | +5.0 |
| Canadian dollar | 79.0 | —11.7 |
| Austrian schilling | 136.1 | +7.1 |
| Belgian franc | 95.4 | —7.3 |
| Danish Krone | 86.0 | —1.0 |
| Deutsche mark | 134.9 | +14.7 |
| Swiss franc | 157.6 | +15.8 |
| Guilder | 124.8 | +9.1 |
| French franc | 69.1 | —15.4 |
| Lire | 46.5 | —17.9 |
| Yen | 206.9 | +54.0 |

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

### POUND SPOT—FORWARD AGAINST POUND

| May 16 | Day's spread | Close | One month | % p.a. | Three months | % p.a. |
|---|---|---|---|---|---|---|
| US | 1.5190-1.5270 | 1.5250-1.5260 | 0.45-0.42c pm | 3.42 | 1.20-1.15pm | 3.08 |
| Canada | 2.0890-2.0990 | 2.0955-2.0985 | 0.40-0.31c pm | 2.03 | 0.89-0.75pm | 1.56 |
| Nethlnd. | 3.78¼-3.80½ | 3.79½-3.80½ | 1½-1¼c pm | 4.54 | 4¼-3⅞pm | 4.21 |
| Belgium | 68.52-68.98 | 68.75-68.85 | 17-12c pm | 2.53 | 41-32pm | 2.12 |
| Denmark | 12.44¾-12.49 | 12.48-12.49 | 3⅞-2⅞ore pm | 3.24 | 9-7½pm | 2.64 |
| Ireland | 1.1068-1.1115 | 1.1080-1.1090 | — | — | — | — |
| W. Ger. | 3.35½-3.37¾ | 3.36¾-3.37¾ | 1⅞-1¾pf pm | 6.45 | 4⅝-4½pm | 5.41 |
| Portugal | 221.67-225.10 | 222.81-224.01 | 100-250c dis | −9.33 | 300-700dis | −8.89 |
| Spain | 213.93-214.41 | 214.12-214.41 | 60-76c dis | −3.79 | 165-195dis | −3.38 |
| Italy | 2302¾-2316½ | 2313¾-2314¾ | 2-5 lire dis | −1.81 | 7½-13dis | −1.77 |
| Norway | 11.46½-11.50 | 11.49-11.50 | 2⅞-3¾ore dis | −3.38 | 8⅝-9½dis | −2.78 |
| France | 10.70-10.76 | 10.74-10.75 | 3⅛-3c pm | 3.56 | 8⅛-7⅝pm | 2.98 |
| Sweden | 10.82¼-10.87¼ | 10.84⅝-10.85⅝ | ¼-1¾ore dis | −1.18 | 1½-2⅝dis | −0.71 |
| Japan | 251-252¾ | 251¼-252¼ | 1.27-1.13y pm | 5.71 | 3.49-3.32pm | 5.40 |
| Austria | 23.28-23.73 | 23.69-23.73 | 3-2gro pm | 1.27 | 8-6pm | 1.18 |
| Switz. | 2.79½-2.81¼ | 2.80¼-2.81¼ | 1½-1¼c pm | 6.14 | 4-3¾pm | 6.52 |

Belgian rate is for convertible francs. Financial franc 69.30-69.40. Six-month forward dollar 2.11-2.04c pm, 12-month 3.52-3.47c pm

### DOLLAR SPOT—FORWARD AGAINST DOLLAR

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 45.40-45.50.

### EURO-CURRENCY INTEREST RATES

Long-term Eurodollars: two years 8⅛-8¼ per cent; three years 7¾-8 per cent; four years 8-8¼ per cent; five years 8¼-8½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

### EXCHANGE CROSS RATES

| May 16 | £ | $ | DM | YEN | F Fr. | S Fr. | H Fl. | Lira | C $ | B Fr. |
|---|---|---|---|---|---|---|---|---|---|---|
| YEN | 3.964 | 6.048 | 13.37 | 1000. | 42.60 | 11.13 | 15.06 | 9174. | 8.313 | 272.7 |
| F Fr. | 0.931 | 1.420 | 3.139 | 234.8 | 10. | 2.613 | 3.537 | 2154. | 1.953 | 64.03 |
| S Fr. | 0.356 | 0.543 | 1.201 | 89.85 | 3.827 | 1. | 1.354 | 824.3 | 0.747 | 24.5 |
| H Fl. | 0.263 | 0.401 | 0.887 | 66.38 | 2.828 | 0.739 | 1. | 609.0 | 0.552 | 18.11 |
| Lira | 0.438 | 0.659 | 1.457 | 109.0 | 4.643 | 1.213 | 1.642 | 1000. | 0.906 | 29.73 |
| C $ | 0.477 | 0.727 | 1.608 | 120.3 | 5.124 | 1.339 | 1.812 | 1104. | 1. | 32.81 |
| B Fr. | 1.453 | 2.217 | 4.902 | 366.8 | 15.62 | 4.081 | 5.523 | 3364. | 3.046 | 100. |

Yen per 1,000; French Fr per 10; Lira per 1,000; Belg Fr per 100.

## MONEY MARKETS

# UK rates little changed

Interest rates were barely changed in London yesterday. A sharp fall in UK inflation had been widely expected and although encouraging, the market's enthusiasm was tempered to some extent by a less than happy picture in the US. However there was still a widespread desire for another cut in clearing bank base rates while the trend over the next month or two became that little bit more cloudy.

Short term interest rates moved up from the day's lows as the Bank of England refrained from providing any late help, so leaving a shortage of help compared with the published forecast. Weekend interbank money opened at 10¾-11 per cent and eased to a low of 9 per cent before coming back to finish at 10½ per cent bid. Three-month money was unchanged at 10⅛-10¼ per cent.

The Bank of England forecast a shortage of around £500m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £162m and a rise in the note circulation of £280m. In addition banks brought forward balances £55m below target. These were partly offset by Exchequer transactions which added £10m. In the morning the Bank bought £50m of eligible bank bills in band 2 at 10⅛ per cent.

The Bank gave additional assistance in the afternoon of £315m. This comprised outright purchases of £2m of Treasury bills and £32m of local authority bills in band 1 at 10⅜ per cent and in band 2 £1m of local authority bills and £198m of eligible bank bills all at 10⅛ per cent. In band 3 it bought £85m of eligible bank bills at 10½ per cent. Total help was £365m.

**UK clearing bank base lending rate 10½ per cent since April 21**

The average rate of discount at the weekly Treasury bill tender fell by 0.1778 per cent to 9.8001 per cent. The £100m of bills on offer attracted bids of £512m against £476m the previous week and all bills offered were allotted. The minimum accepted bid was £97.555, met as to about 84 per cent and above in full compared with £97.51 at 89 per cent the previous week. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

### FT LONDON INTERBANK FIXING

| (11.00 a.m. May 16) Three months US dollars | | Six months US dollars | |
|---|---|---|---|
| bid 7 | Offer 7⅛ | bid 7 | Offer 7⅛ |

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

### MONEY RATES

| May 16 | Ov'r-nig't | One Month | Two Months | Three Months | Six Months | Lombard In'v'tin |
|---|---|---|---|---|---|---|
| Frankfurt | 4.00-4.10 | 4.50-4.65 | 4.50-4.65 | 4.50-4.65 | 4.50-4.65 | 5.5 |
| Paris | 7¼ | 7⅛-7⅜ | 7⅛-7⅜ | 7⅛-7⅜ | 6⅞-7⅛ | 7¼ |
| Zurich | ⅞-1⅛ | 4¼-4⅜ | — | 4¼-4⅜ | — | — |
| Amsterdam | 7⅞-7⅝ | 6¼-6⅝ | — | 5⅛-5⅜ | — | — |
| Tokyo | 4.09375 | 4.55125 | — | 4.55625 | — | — |
| Milan | 13-13⅛ | 13½-13⅞ | — | 12½-12⅞ | — | — |
| Brussels | 8.20 | 8-8⅛ | — | 7⅞-8 | — | — |
| Dublin | 10½-10⅝ | 10⅝-10¾ | 10½-10⅝ | 10⅛-10⅜ | 9¾-10 | — |

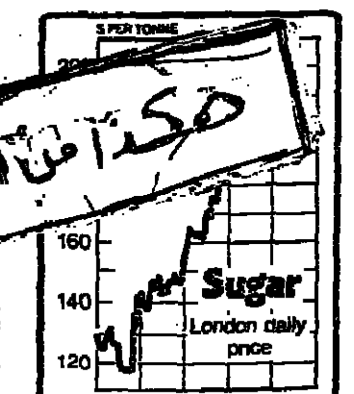
### LONDON MONEY RATES

# COMMODITIES AND AGRICULTURE

## REVIEW OF THE WEEK

# Shakeout in world sugar market

BY RICHARD MOONEY




ON THE world sugar market this week the fragility of recent high price levels was demonstrated by a heavy fall which resulted not from the appearance of any new bearish factor but simply from the absence of any fresh bullish influence. The gains of the past month were wiped out by a fall which left the London daily raws price (LDP) $22.50 lower on the week at $186.50 a tonne, similar falls were registered on the futures market before values rallied a few dollars yesterday.

"After a long time in the doldrums the sugar market needs constant bullish news to keep it buoyant," explained Mrs Faraday Bromfield, head of research at E. D. & F. Man, the London broking house. She said traders had been looking forward to an upturn in physical demand which had not materialised. Indian buying interest had reappeared from time to time, she noted, but it had always been met by a flood of cheap offers.

The recent rise, which took the LDP to within $5 of early April's 2½ year high, was largely due to concern over Soviet and Scandinavian crops following the Chernobyl disaster. But a subsequent lull in Soviet buying on the world market has supported the view that the Ukranian beet crop may not be as badly affected as was thought at first.

At least one leading London broker, C. Czarnikow, remains fairly bullish about the sugar market's medium term prospects, however. In its latest Review Czarnikow confirms its earlier forecast of a substantial reduction in world stocks over the next 18 months. For the 1985-86 season it now puts world production at 96.74m tonnes

The Review also concludes tha the level of stocks in 1987 will be about the same as they were in 1979, just prior to the last sugar price boom—which lifted the LDP to £410 a tonne in 1980—while world consumption will be some 12m tonnes a year more than it was in 1979. "It would appear, therefore, that sugar prices have the potential to move substantially higher over the next 18 months should any disruption of production occur in the world," Czarnikow reasons.

Over at E. D. and F. Man, however, Mrs Bromfield adopts a more conservative view, predicting a production/demand deficit this year of around 2m tonnes followed by one of 1.5m to 2m in the following season.

The other big mover among the soft (non-metal) commodity markets this week was coffee. News that Colombia had cut its export registration price over the weekend by $10 to $350 a bag (60 kilos each) was seen by dealers as underlining the change in sentiment since the price boom of a few months ago, and prices fell sharply.

Over Monday and Tuesday the July futures position fell £235, registering the lowest second position close since the end of November. But a technical correction then rallied the market, helped by a Brazilian statement that it did not plan to follow the Colombian move, and July coffee ended the week only £98 down on balance at £2,039.50 a tonne.

In contrast to coffee the cocoa market reversed its recent bear trend early in the week but then lost the gains. A £31 rise in the July futures position on Monday was encouraged by a statement of support for the International Cocoa Agreement (ICCA) by Mr Denis Bra Kanon, Agricultural Minister of the Ivory Coast, the world's leading cocoa producer, which has so far refused to participate in an ICCA with price stabilising features. He also fuelled the rise by casting doubt on the quality, and therefore the saleability, of the 100,000 tonnes of cocoa held in the ICCA stockpile.

The gain was wiped out over the next two days as the London market reflected the weaker tone in New York, but weaker sterling against the dollar helped to lift values again and the July position ended the week £24 up at £1,298.50 a tonne.

## WEEKLY PRICE CHANGES

† Unquoted. (g) Madagascar. (v) May-June. (z) June. w July. x June-July.

## US MARKETS

THE ENERGY COMPLEX remeained firm in featureless trading, reports Reinold Commodities. The dollar remained strong against foreign currencies but gains were trimmed, providing light support for precious metals which traded in a lack-lustre fashion. Coffee was mostly higher on reports that the 1986-87 Brazilian crop could suffer from low yields and shorts would not want to hold positions over a weekend close to the Brazilian freeze season. Sugar crept higher with trade being seen as an active buyer all day, allowing the market to hold at higher levels. Cocoa closed slightly firmer with short-covering ahead of the long weekend in most of Europe providing limited support in the absence of any physical offtake.

## NEW YORK

ALUMINIUM 40,000 lb, cents/lb

| | Close | High | Low | Prev |
|---|---|---|---|---|
| May | 54.25 | — | — | 54.35 |
| June | 54.25 | — | — | 54.35 |
| July | 54.30 | 54.50 | 53.90 | 54.40 |
| Sept | 54.30 | 54.50 | 54.25 | 54.40 |
| Dec | 54.50 | 54.30 | 54.30 | 54.60 |
| Jan | 54.55 | — | — | 54.65 |

## CHICAGO

## INDICES

## ALUMINIUM

## COPPER

## LEAD

## NICKEL

## TIN

## ZINC

## GOLD

## SILVER

## GRAINS

## SOYABEAN MEAL

## COFFEE

## COCOA

## POTATOES

## SUGAR

## RUBBER

## OIL

## GAS OIL FUTURES

## FREIGHT FUTURES

## MEAT

# LONDON STOCK EXCHANGE

## MARKET REPORT

# Another poor week in equity markets leaves FT index down 40.8 at 1289.5

**Account Dealing Dates**
**Option**

| *First Dealings | Declarations | Last Dealings | Account Day |
|---|---|---|---|
| Apr 28 | May 8 | May 9 | May 19 |
| May 12 | May 29 | May 30 | June 9 |
| June 2 | June 12 | June 13 | June 23 |

* "New-time" dealings may take place from 9.30 am two business days earlier.

London equity markets suffered a severe attack of the jitters at the outset yesterday. Dealers slashed prices at the opening and within a quarter of an hour the FT-SE index recorded a loss of 21.7. This proved to be the lowest of the day.

The setback was triggered off by several factors, not least the 33.6 overnight fall in the Dow Jones Industrial average. The reduction of 1 per cent in UK manufacturing output in the first quarter, along with increasing political uncertainty—the latest Gallup Poll indicated a further slide in the Conservative Party's popularity since last week's election upsets—also contributed to the early malaise.

Against this backdrop, investment confidence which had been undermined earlier in the week by NatWest's huge cash call, took another sharp knock.

Calmer conditions eventually prevailed and a technical rally ensued. However, genuine buyers continued to hold off and leading issues did little more than mark time for the rest of the trading session.

Reflecting the extent of the rally, the FT-SE index, which touched 1,554.0 at one stage, closed 10.8 down on balance at 1,564.9. The Financial Times Ordinary share index ended 13.1 off at 1,289.5, after having posted a fall of 19.5 at 10.00 am. Over the week, the latter recorded a loss of 40.8.

Overnight weakness in the US bond market, which reflected worries about the future course of interest rates and an unexpected jump in US money supply, set the seal for a nervous opening in domestic Gilt-edged securities. Long-dated stocks fell by around ¾ before news of the fall in the annual inflation rate to 3 per cent which touched off a small rally, but failed to arouse any worthwhile demand. However, fears of further Government funding saw quotations turn easier again and at the official close falls ranged to ¾. The announcement of three further £100m tranches of existing index-linked stocks prompted a slightly lower late trend in conventional stocks and clipped ¼ or so off earlier gains in the former which had ranged to ½.

### Equity and Law wanted

Equity and Law moved sharply against the trend in Insurances, jumping to 268p at one stage before closing the session 20 better on balance at 265p on speculative buying fuelled by rumours that Mr John Gunn's British and Commonwealth Shipping was about to bid for the company: B and C closed 19 lower at 297p. Elsewhere, Willis Faber fell 25 to 437p on profit-taking after Thursday's confirmation that merchant bank Morgan Grenfell, in which it holds a near-25 per cent stake, is to obtain a public listing. Comment on the annual results and a leading broker's view that investors should switch into Stewart Wrightson left C. E. Heath 12 off at 598p. Among Composites, Royals lost 17 at 915p after further consideration of the first-quarter results, while falls of 12 and 22 were recorded in Sun Alliance, 698p, and GRE, 845p.

There was no respite for the major clearing banks which continued to retreat in the wake of NatWest's record £714m cash call on Wednesday. Closing levels were above the day's lowest, but NatWest still closed a further 10 down making a relapse of 120 on the week at 740p, after 725p. Lloyds lost 7 at 575p, after 570p, while Midland relinquished 6 at 547p, after 535p, and Barclays shed 5 at 497p, after 485p. Bank of Ireland, meanwhile, gave up 15 further for a two-day decline of 60 at 445p on the poor preliminary results. ANZ, on the other hand, moved up 5 to 277p in anticipation of Monday's interim figures.

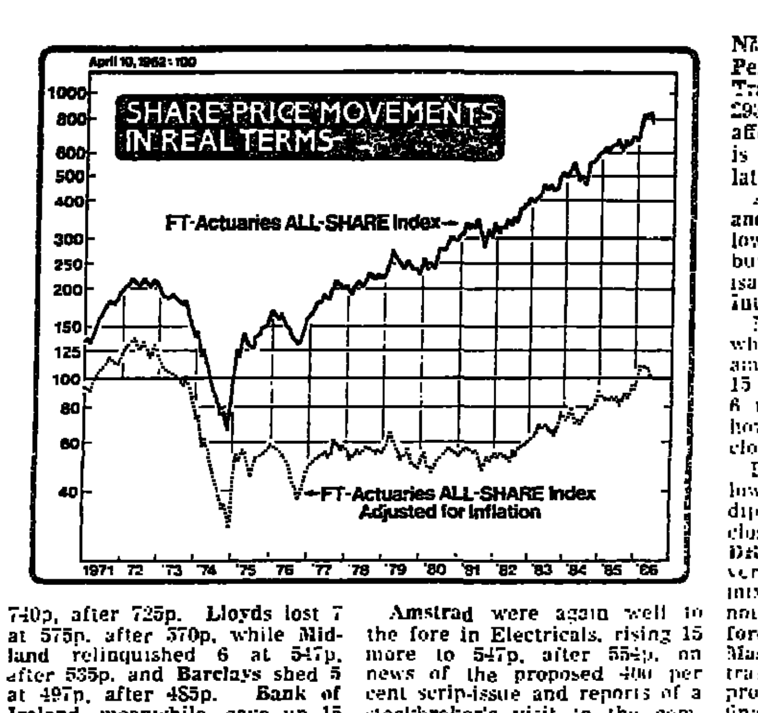
The two market newcomers made contrasting debuts. Dalepak Foods began brightly, advancing from an opening level of 113p to close at 121p compared with the offer price of 107p. Monotype Corporation, however, drifted back from a firm level of 157p to 149p before settling at 153p; the offer price was 157p.

Leading Buildings ended the first leg of the extended Account on a dull note following a defensive mark-down at the outset and subsequent bouts of scrappy selling. Blue Circle closed 18 down at 660p, while RMC shed 10 to 636p. Taylor Woodrow lost 12 at 613p, while Barratt Developments shed 4 more to 152p as bid hopes continued to fade. Elsewhere, news of the £19m rights issue which accompanied the interim results depressed McCarthy and Stone, down 35 at 260p. Lack of support left Alfred McAlpine 14 lower at 414p. Ibstock Johnsen came on offer and dipped to 170p prior to closing a net 10 off at 176p and Feb International "A" fell 4 to 54p following the poor annual results. Against the trend, Berkeley Group attracted aggressive speculative demand in a restricted market and gained 45 to 450p. Ruberoid hardened a couple of pence to 295p following the chairman's confident statement at the annual meeting.

ICI dipped 13 more to 882p on Wall Street influences. Laporte softened 5 more to a year's low of 335p, while Allied Colloids lost 6 at 172p. Recent favourite British Benzol came back 4 to 88p, but Yorkshire Chemicals recovered from early weakness at 117p to close unchanged on balance at 120p.

### Woolworth feature

Revived hopes that Dixons is set to increase its offer lifted Woolworth 30 to 805p; Dixons finished 10 to the good at 344p. Excitement elsewhere in Stores centred on Sears which responded to revived takeover hopes and advanced 6 to 122p. Harris Queensway hardened a few pence to 242p, but occasional offerings left W. H. Smith "A" 6 cheaper at 272p, and Combined English 3 off at 215p. Secondary Stores gave ground for want of attention. Goldsmiths, a buoyant market of late, encountered scattered profit-taking to close 6 cheaper at 220p, while Cantors "A" fell 10 to 140p for a similar reason. Handbag merchants Lanca, on the other hand, touched 42p before settling 5 dearer on balance at 40p following news that Timsbury Investments controls just under 30 per cent of the equity.




Amstrad were again well to the fore in Electricals, rising 15 more to 547p, after 554p, on news of the proposed 400 per cent scrip-issue and reports of a stockbroker's visit to the company next week. Quietly dull conditions prevailed among leading Electricals with Racal down a further 4 at 204p and STC a similar amount easier at 142p. GEC softened a couple of pence to 184p, as did Plessey, to 218p; the latter's preliminary figures are scheduled for Thursday. Cable and Wireless gave up 12 at 623p and International Signal and Control dropped 8 at 287p.

The volume of business in the Engineering sector again left a lot to be desired and features were very few. TI, supported earlier in the week amid rumours that Evered had sold its stake in the company, retreated 14 to 538p on profit-taking. Fading bid hopes clipped 7 from Delta, at 227p, and 9 from Babcock, at 167p. Thomas Robinson fell 12 to 341p, as did Simon, to 243p. GKN softened a couple of pence to 319p and Hawker relinquished 4 at 561p.

Fund raising fears in the wake of news that the company is in negotiations with Nabisco about the possible purchase of Canada Dry and Sunkist left Cadbury Schweppes 5 down at 162p. Elsewhere in the Food sector, Rowntree Mackintosh continued to give ground and settled 7 lower at 485p, while Tate and Lyle shed a similar amount to 555p. Associated British Foods, a firm market earlier in the week on Fine Fare sale rumours, eased 6 to 330p; the annual results are due on Monday. Ranks Hovis McDougall, half-timer due on Tuesday, slipped 3 to 198p. Profit-taking in the absence of any takeover developments left Hillards 8 off at 215p and Bassett with a similar fall at 215p, but USM-quoted E. T. Sutherland found support and gained 7 to 78p.

Grand Metropolitan eased to 390p prior to closing 5 cheaper on balance at 395p. Trusthouse Forte lost a couple of pence at 148p, as did Ladbroke, at 315p.

### Cosalt good

Among the few firm features in the miscellaneous industrial sector, Cosalt were particularly notable for a rise of 12 to 98p following speculative buying. Demand of a similar nature fuelled by bid hopes lifted Clement Clarke 17 to 175p, while Myson advanced 4 to 110p following reports of a pending broker's circular. RFD recovered from a dull opening to close a few pence better at 203p on rumours of an increased offer from Wardle Storeys, 10 lower at 318p. Bestwood, still reflecting the Country Gentleman's Association bid situation, jumped 30 more for a two-day rise of 60 at 580p, while Charles Baynes moved up 3 to 29p and European Ferries added 4 at 148p. Broken Hill Proprietary rose 12 to 380p on hopes of a counter to Bell Resources' recently increased bid, but profit-taking brought falls of around 20 to NEW Computers, 335p, and Pentland Industries, 685p. Trafalgar House lost 6 more at 293p, sentiment here still affected by reports that Britoil is to sue the company for the late delivery of an oil rig.

Among Leisure issues, Boosey and Hawkes shed 20 to 200p following the poor annual results, but details of a capital reorganisation and rights issue helped Intervision improve ½ to 6p.

Motors highlighted Dowty which attracted fresh demand amid takeover hopes and settled 15 higher at 196p. AE advanced 6 to 145p in sympathy. Lucas, however, met sporadic selling to close 8 cheaper at 555p.

Paper/Printings were marked lower across the board. BPCC dipped 5 to 275p, while Bunzl closed 17 cheaper at 578p and DRG eased 8 more to 262p. Advertising and PR concerns were mixed. Double-figure losses were noted for Wight Collins Rutherford Scott, 463p and Boase Massimi Pollitt, 292p. In contrast, fresh takeover hopes prompted support of Brunning, finally 5 dearer at 167p, after 170p.

Leading Property issues proved fairly resilient. Land Securities were finally unchanged on the day at 312p, after 310p. MEPC softened 3 to 340p, but British Land found support and gained that much, to 173p following acquisition news. Peachey eased 4 to 262p and Slough Estates lost a penny at 168p. Secondary issues displayed several bright spots, notably York Mount which closed 5 up at 65p following the annual results, rights issue proposal and effective change of board control. Dares Estates attracted fresh demand at 16p, up 1½ and Regalian rose 20 to 525p in a limited market.

Textiles generally gave modest ground where altered. Sunbeam Wolsey eased a few pence to 113p—still up 29 on the week—on further reflection of the bid approach from John Crowther, also 3 easier at 129p. Sirdar, a perennial takeover favourite, gave up 5 to 159p, as did John Beales at 124p. A rare exception was provided by Sekers International which continued to benefit from a Press mention and put on 7 to 119p for a gain of 24 over the five-day period.

Bats fell 7 to 363p, after 360p, following the progress report regarding the sale of part of its US retail business.

The recent decline in equities was reflected in Investment Trusts which displayed modest falls across the board. Globe, 337p, and Fleming Fledgeling, 132p, eased 6 apiece, while Electric and General dipped 15 to 355p. Far-Eastern stocks also gave ground with losses of 7 common to New Tokyo, 230p, and Crescent Japan, 217p. Similar conditions prevailed among Financials. Exco International settled 6 off at 222p, while Asset Trust, firm earlier in the week following acquisition news, dipped 3½ to 89p. Ivory and Sime, scheduled to reveal full-year figures on Monday, fell a few pence to 167p.

### Oils quiet

Dealers reported a disappointingly quiet session in the oils sector. BP and Shell both moved in a narrow range following the first-quarter results announced on Thursday and settled up 2 apiece at 555p and 777p respectively. Ultramar held at 175p but still showed a 13 fall over the week reflecting the sharply reduced first-quarter profits and cautious statement by the chairman at the agm. Burmah attracted light buying interest throughout the day and hardened a couple of pence to 350p, with the rights quoted at 40p premium.

Features in secondary issues were few and far between. Ireland's Conroy Petroleum and Natural Resources moved up 3 more to 80p, after a 1986 high of 83p, in the wake of renewed Irish buying interest. Berkeley Exploration put on 3 to 50p. On the other hand Sun (UK) Royalty lost 5 at 69p, Energy Capital 4 to 30p and Great Western Resources 5 to 45p. Sapphire Petroleum retreated 4 to 26p following the poor annual results.

With the exception of Polly Pack, another 3 dearer at 188p ahead of the forthcoming interim results, Overseas Traders trended to lower levels. Further profit-taking left Tozer Kemsley and Milbourn 7 cheaper at 169p—a decline of 31 on the week—while Kenning dipped 11 more to 290p.

South African sectors of mining markets staged a modest rally after the persistent weakness of the previous four days. A slightly firmer trend in the bullion price, the downturn in sterling against the dollar and renewed bear closing helped gold shares edge higher in quiet trading and the Gold Mines index put on 1.8 to 246.1, over the week the index showed a fall of 12.0. Heavyweights were usually around ¼ better—Buffels were that amount up at £13¼, as were Vaal Reefs, £41¼ and Western Deep £29¾. Cheaper priced issues showed Kloof 25 lower at 425p. Bullion was finally $1 firmer at $248.25 an ounce.

South African Financial were much steadier. Anglo American Corporation rose 20 to 815p and De Beers improved 5 to 470p while Gencor gained 25 to 840p. UK-Financials were again unsettled by the widespread losses throughout domestic equity sectors. Consolidated Gold Fields fell 7 to 460p and Rio-TintoZinc dipped 3 to 650p. Hampton Areas eased a couple of pence to 138p, but retained a week's rise of 8 following the 130p a share bid from the Alan Bond controlled Metals Exploration.

Australians were highlighted by another general advance by Golds. Sector leader Gold Mines of Kalgoorlie moved up 15 to 340p and Central Norseman added 10 at 330p, while Emperor were 6 firmer at 133p and Sons of Gwalia 2 better at 172p. The leading diversified issues also made good progress. CRA and Western Mining added 6 apiece at 288p and 149p respectively and MIM edged up 3 to 101p.

### Traded Options

Traded Option operators, unsettled by the sharp overnight fall on Wall Street, centred their attentions on the FT-SE 100 index contract. Dealers reported sizeable hedging operations, especially during the morning session and 1,024 calls and 1,442 puts were transacted. Business elsewhere was well distributed throughout the list. Barclays Bank returned to the fore and attracted 1,025 calls and 450 puts, while British Telecom, scheduled to announce preliminary results next month, recorded 737 calls and 610 puts. Total contracts struck yesterday amounted to 16,177.

## NEW HIGHS AND LOWS FOR 1986

### NEW HIGHS (49)

BRITISH FUNDS (6) Treas. 8½pc 1984-86. Exch. 2½pc 1986. Treas. 2pc I.L. '96. Do. 2½pc I.L. '01. Do. 2½pc I.L. '03. Do. 2pc I.L. '06. FOREIGN BONDS (4) Chinese 4½pc 1898. Do. 5pc 1912. Do. 5pc 1913. Do. 5pc '25 Boxer. AMERICANS (2) Fairmont Financial. Sperry. BANKS (1) Chancery Securities. ELECTRICALS (4) Amstrad. ASEA AB 'A.' Do. 'B.' Kode Intnl. ENGINEERING (4) Christy Hunt. Concentric. Cooper Inds. Smith Whitworth. INDUSTRIALS (9) Allied Plant. BETEC. Benlox. Bestwood. Cosalt. Esselte AB. Johnsen & Jorgensen. Peek. RFD. LEISURE (1) Nationwide Leisure. PAPER (1) Aspen Comms. PROPERTY (5) Dares Estates. Green Property. Peel Hldgs., Prop. & Reversionary Invs.. York Mount. TEXTILES (2) Sekers, Intnl. Yorklyde. TRUSTS (6) Cystic Fibrosis. Derby Trust. General Funds Conv., New Throgmorton Inc., Candover Invs., Yelverton Invs. OILS (2) Conroy Petroleum. Total-Cie Fr. Petroles 'B.' OVERSEAS TRADERS (1) Polly Peck Intl. MINES (1) Anglo-Dominion.

### NEW LOWS (57)

BRITISH FUNDS (1) Conversion 10pc 1986. AMERICANS (3) Alcoa. IBM. Merrill Lynch. CANADIANS (1) Goliath Gold Mines. BANKS (1) Mercury Intly. BUILDINGS (1) Burnett and Hallamshire. CHEMICALS (2) Laporte Inds., Wolstenholme Rink. STORES (2) Liberty. Do. N/V. ELECTRICALS (5) Memec. Oceonics. PPL. Ran Data. Whitworth Electric. ENGINEERING (2) Bailey (C. H.). SPP. FOODS (3) Carr's Milling. Global Group. Normans. HOTELS (1) Mount Charlotte. INDUSTRIALS (11) Aberfoyle. Colorgen. Diploma. Eastern Produce. Intereurope Technology. Restmor. Securicor. Do 'A' N/V. Security Services. Syltone. Toye. INSURANCE (4) Heath (C. E.). London and Manchester Group. Minet. Sturge. PAPER (1) Norton Opax. PROPERTY (1) Regentcrest. SHIPPING (1) British and Commonwealth. TEXTILES (1) Beckman (A.). TRUSTS (8) Atlantic Assets. Baillie Gifford Technology. Caledonia Invs., Edinburgh Amer. Tst., Independent Inv., Precious Metals Tst., Inv. AB Beijer 'A.' National Home Loans. OILS (2) Claremont Petroleum. Sapphire Petrlm. OVERSEAS TRADERS (1) Finlay (James). MINES (5) Carr Boyd. Eagle Corp., Eastern Petrol. Aus., Kitchener Mining. New Sabina Resources.

## TRADITIONAL OPTIONS

| First Dealings | Last Dealings | Last Declaration | For Settlement |
|---|---|---|---|
| May 19 | June 6 | Aug 28 | Sept 8 |
| June 9 | June 20 | Sept 11 | Sept 22 |
| June 23 | July 4 | Sept 25 | Oct 6 |

*For rate indications see end of Unit Trust Service*

Money was given for the call of Lasmo, Ultramar, WSL, Sunbeam Wolsey, Sound Diffusion, Nu-Swift, Harold Ingram, STC, Leisuretime, Lonrho, Barratt Developments, Plessey, Dobson Park, Aspinall, C. H. Bailey and Chloride. Puts were done in Polly Peck and Ultramar, while a double option was taken out in Ultramar.

## RISES AND FALLS YESTERDAY

| | Yesterday Rises | Yesterday Falls | Yesterday Same | On the week Rises | On the week Falls | On the week Same |
|---|---|---|---|---|---|---|
| British Funds | 12 | 95 | 6 | 222 | 277 | 60 |
| Corporations, Dom. and Foreign Bonds | 6 | 30 | 35 | 59 | 97 | 195 |
| Industrials | 140 | 615 | 736 | 1,474 | 1,957 | 4,032 |
| Financial and Props. | 39 | 296 | 241 | 487 | 711 | 1,632 |
| Oils | 14 | 26 | 80 | 125 | 118 | 357 |
| Plantations | 0 | 1 | 14 | 1 | 7 | 67 |
| Mines | 53 | 18 | 109 | 126 | 236 | 538 |
| Others | 52 | 68 | 92 | 314 | 340 | 404 |
| Totals | 316 | 1,149 | 1,313 | 2,808 | 3,743 | 7,335 |

## FINANCIAL TIMES STOCK INDICES

| | May 16 | May 15 | May 14 | May 13 | May 12 | May 9 | year ago |
|---|---|---|---|---|---|---|---|
| Government Secs | 91.54 | 91.98 | 92.43 | 91.87 | 91.60 | 92.26 | 80.30 |
| Fixed Interest | 96.74 | 96.89 | 97.10 | 96.80 | 96.88 | 97.24 | 85.34 |
| Ordinary ♥ | 1289.5 | 1302.6 | 1320.0 | 1341.2 | 1330.5 | 1330.5 | 1008.3 |
| Gold Mines | 246.1 | 244.3 | 251.0 | 253.6 | 258.1 | 258.4 | 484.1 |
| Ord. Div. Yield | 4.25 | 4.24 | 4.14 | 3.95 | 4.07 | 4.07 | 4.59 |
| Earnings, Yld. %(full) | 10.57 | 10.46 | 10.25 | 9.82 | 10.19 | 10.20 | 11.64 |
| P/E Ratio (net) (*) | 11.57 | 11.69 | 11.93 | 12.46 | 11.99 | 11.97 | 10.57 |
| Total bargains (Est.) | 25,714 | 26,281 | 26,798 | 24,857 | 28,603 | 26,811 | 24,479 |
| Equity turnover £m. | — | 533.75 | 680.93 | 576.43 | 498.72 | 675.43 | 373.55 |
| Equity bargains | — | 21,817 | 23,530 | 24,567 | 25,530 | 30,789 | 24,657 |
| Shares traded (m) | — | 231.1 | 295.1 | 274.1 | 245.9 | 312.3 | 216.6 |

♥ Opening 1288.1, 10 am 1283.1, 11 am 1291.2, Noon 1288.8, 1 pm 1288.2, 2 pm 1287.9, 3 pm 1288.6, 4 pm 1280.3. Day's High 1291.2. Day's Low 1281.2. Basis 100 Government Securities 15/10/26. Fixed Interest 1928. Ordinary 1/7/35. Gold Mines 12/9/55. Activity 1974. Latest Index 01-246 8026. * Nil=11.17.

**HIGHS AND LOWS**

| — | 1986 High | 1986 Low | Since Compilat'n High | Since Compilat'n Low |
|---|---|---|---|---|
| Govt. Secs. | 94.51 (18/4) | 80.39 (20/1) | 127.4 (9/1/35) | 49.18 (3/1/75) |
| Fixed Int. | 97.51 (22/4) | 86.55 (23/1) | 150.4 (28/11/47) | 50.53 (3/1/75) |
| Ordinary | 1435.9 (3/4) | 1094.3 (14/1) | 1425.9 (3/4/86) | 49.4 (26/6/40) |
| Gold Mines | 357.0 (27/1) | 244.2 (30/4) | 734.7 (15/2/83) | 43.5 (26/10/71) |

**S.E. ACTIVITY**

| INDICES | May 15 | May 14 |
|---|---|---|
| Daily Gilt Edged Bargains | 130.8 | 153.6 |
| Equities Bargains | 141.4 | 152.5 |
| Value | 1078.8 | 1376.3 |
| 5dayAverage Gilt Edged Bargains | 144.3 | 144.1 |
| Equities Bargains | 163.6 | 169.8 |
| Value | 1198.7 | 1225.0 |

## YESTERDAY'S ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

| Stock | Closing price | Day's change | Stock | Closing price | Day's change |
|---|---|---|---|---|---|
| Amstrad | 547 | +15 | Low and Bonar | 413 | −12 |
| Barclays | 497 | − 5 | Midland Bank | 547 | − 6 |
| Commercial Union | 314 | − 4 | Stainless Metalcraft | 150 | −10 |
| Dixons Group | 344 | +10 | Sunleigh Electricals | 23 | − 1½ |
| Dowty | 196 | +15 | Valor | 233 | — |
| Equity and Law | 265 | +20 | Woolworth | 805 | +30 |

## THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

| Stock | No. of changes | Thurs. close | Day's change | Stock | No. of changes | Thurs. close | Day's change |
|---|---|---|---|---|---|---|---|
| BP | 20 | 553 | −10 | BTR | 15 | 306xc | − 3 |
| Royal Insce. | 20 | 932 | + 1 | Barclays | 15 | 502 | −10 |
| NatWest. Bank | 19 | 750 | −20 | Comm. Union | 14 | 319 | − 7 |
| Amstrad | 17 | 532 | +25 | Glaxo | 14 | 967 | −13 |
| ICI | 17 | 895 | −22 | Allied-Lyons | 13 | 322 | − 9 |
| Shell Transport | 16 | 773 | + 8 | Barratt Devs. | 13 | 156 | − 8 |

## 5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday.

| Stock | No. of changes | Last Thurs. close | Change on week | Stock | No. of changes | Last Thurs. close | Change on week |
|---|---|---|---|---|---|---|---|
| Glaxo | 131 | 967 | +49 | Brit. Aerospace | 94 | 540 | −15 |
| Amstrad | 102 | 532 | +23 | British Telecom | 93 | 228 | − 2 |
| BP | 102 | 553 | + 3 | Royal Insce. | 90 | 932 | +23 |
| Cable & Wire. | 99 | 635 | − 8 | Lonrho | 89 | 255 | + 9 |
| Beecham | 97 | 366 | −12 | Shell Transport | 88 | 773 | +40 |
| Allied-Lyons | 96 | 322xd | +13 | Barratt Devs. | 87 | 156 | + 6 |

## LEADERS AND LAGGARDS

Percentage changes since December 31 1985 based on Thursday May 15 1986.

| | | | |
|---|---|---|---|
| Metals and Metal forming | +45.35 | Brewers and Distillers | +15.68 |
| Motors | +35.52 | Investment Trusts | +15.58 |
| Textiles | +32.15 | Industrial Group | +15.48 |
| Contracting, Construction | +29.27 | Chemicals | +15.16 |
| Office Equipment | +27.11 | Consumer Group | +14.69 |
| Other Industrial Materials | +26.51 | All-Share Index | +14.18 |
| Electricals | +26.48 | 500 Share Index | +14.04 |
| Building Materials | +26.04 | Financial Group | +14.02 |
| Packaging and Paper | +25.31 | Leisure | +13.78 |
| Publishing & Printing | +25.22 | Shipping and Transport | +12.38 |
| Capital Goods | +24.54 | Food Manufacturing | +12.03 |
| Merchant Banks | +24.42 | Property | +12.02 |
| Mechanical Engineering | +24.01 | Stores | +10.05 |
| Insurance (Composite) | +23.86 | Other Groups | + 8.06 |
| Health and H'sehold Products | +21.10 | Food Retailing | + 4.65 |
| Mining Finance | +19.53 | Insurance Brokers | + 3.57 |
| Tobaccos | +16.65 | Oil & Gas | + 3.28 |
| Banks | +15.90 | Insurance (Life) | + 2.24 |
| Electronics | +15.86 | Telephone Networks | − 0.93 |
| Overseas Traders | +15.81 | Gold Mines Index | + 2.26 |

# STOCK EXCHANGE DEALINGS

Details of business done below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission. Details relate to those securities not included in the FT Share Information services. Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the three previous days is given with the relevant date. ‡ Bargains at special prices. ◊ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

### STERLING ISSUES BY FOREIGN GOVERNMENTS AND INTERNATIONAL INSTITUTIONS

Asian Development Bank 10¼pcLn 2009 £106⅛
Australia (Commonwealth of) 9½pcLn 2012 £99¼. 11¾pcLn 2015 (Reg) £117. Do (Br £5,000) £118 (14/5)
European Inv Bank 10½pcLn 2004 (Reg) £109. Do (Br £5,000) £107⅛ (13/5). 11pcLn 2002 £113⅜ ⅞ (14/5)
Finland (Republic of) 11½pcLn £114½ ⅞
Inter-American Development Bank 9¾pcLn 1015 £102¼ ½ ¾ 1. Do New £102⅛ (14/5)
Inter Bank for Rec Dev 9½pcLn £102 ⅛ (14/5). 11.5pcLn 2003 £119 (14/5)
Ireland 12½pcLn 2008 £123¼ (13/5)
New Zealand 11¾pc 2014 £116¼ ½ ⅝
Spain (Kingdom of) 11¼pcLn 2010 £116¾. 12pcLn 1988 £104⅛ (13/5)
Sweden (Kingdom of) 9¾pcLn 2014 £100¼ (13/5). 11pcLn 2012 £112¼ (9/5). 13.5pcLn 2010 £134[illegible] (14/5)
Trinidad Tobago (Republic of) 12¼pcLn 2009 £97¼ 8¼
United Mexican States 16½pcLn 2008 £101½ 2½

### CORPORATION & COUNTY

GLC 6¼pc 90-92 £90¼ ⅝
Barnet Corp 12¼pc 1987 £101¼ (14/5)
Birmingham Corp 2½pc 1926 £23¼ (14/5). 3pc 1932 £28 (14/5). 3½pc 1946 £32¼
Birmingham DC 11½pc 2012 £117½
Blackburn Corp 3½pc £32¼ (12/5)
Islington Corp 12¾pc 86-87 £100 ⅛
Liverpool Corp 2½pc 1923 £23¼ (14/5)
Manchester (City of) 11.5pc 2007 £115½ (12/5)
Newcastle-Upon-Tyne (City of) 11¼pc 2017 £115¼ (14/5)
Oldham Corp 4pcDb £37½ (9/5)
Reading Corp 3½pc 1978 £32¼ (12/5)
Salford Corp 5½pc 86-88 £92¼◊
Southend-on-Sea BC 12pc 1987 £101½
Southwark Corp 6¼pc 83-86 £97⅝. 12½pc 1987 £102½ ¾
Local Authority 9½pc £100 (14/5)

### UK PUBLIC BOARDS

Agricultural Mortgage Corp 6½pcDb 92-94 £81½ (12/5). 6¾pcDb 85-90 £90¼. 7¼pcDb 91-93 £90½. 9½pcDb 83-86 £99 (14/5). 9¾pcDb 85-87 £99[illegible] (14/5). 10¼pcDb 92-95 £102¼ 3 (14/5)
Commonwealth Develop Finance 7¼pcDb 84-88 £94½ (9/5)
Great Ouse Water 5¼pc 86-88 £92⅞ (14/5)
Metropolitan Water 3pcA 63-2003 £41 5¼. Southwark 3pcDb £46
Port London Authority 3pc A 29-99 £41½ (14/5). 3½pc 49-99 £46⅛ (13/5). 6½pc 87-90 £84½ (13/5)

### Commonwealth Government

Southern Rhodesia 6pc 76-79 £212 (9/5)

### FOREIGN STOCKS

### (coupons payable in London)

Bulgaria (National Republic of) 7pcLn 1926 £5 (9/5). 7½pcLn 1928 £5 (9/5)
China (Republic of) 4½pc 1898 (Germ Iss) £33 4 5. 5pc 1925 ($100) £28 9 30 1 3 4 5. 5pcLn 1913 (French Iss) £27 33. Do (French) Drawn £31 3. Do. (German Iss) £31?. Do (Germ) Drawn £31. Do (Belgian Iss) £27. 4½pcLn 1908 £35. 5pcLn 1912 £29 30 1 3 5 (12/5). Treasury Bills (1918) £24 (13/5). Treasury Notes (1919) £54 (12/5). 5pc Ln 1911 £24 (9/5). Do Drn £27 (12/5). Do (Germ Iss) £34. 5pc Imp Chin Rly £24 6. Do (Drn) £24 (13/5). Do Drn 5ts £33. 5pcLn Rly £24 (13/5). Do Suppl £33. 5pcLn 1913 £20 3 5 (12/5)
Greece (Kingdom of) 5pc 1881 £46 (13/5). 7pc 1965 £48
Hungary (Republic of) 7½pc £69
Montenegro 5pcLn 1909 £30 (13/5)
Russia 5pcLn 1906 £1¾ (12/5)
Saxony Germany 6pc 1927 £15 (9/5)
Bekies £46½ (9/5)
Commerzbank Overseas Finance 10pc 1993 £102¼
Royal Insurance 10¼pc 1992 £104⅛
Dresden (City of) 5½pcStgLn 1927 (Cpn 25) £15 (9/5)
Lima (City of) Prov Council 5pc (now 3pc) 1stMtDbs (Enf) £170 (9/5)

### STERLING ISSUES BY OVERSEAS BORROWERS

[illegible]

### BANKS, DISCOUNT

[illegible]

### BREWERIES

Allied-Lyons 5½pcPf (£1) 55 9½ (14/5). 7½pcPf (£1) 74 (14/5). 3pcDb 85-90 £75 (12/5). 6¾pcDb 84-89 £89¼ (13/5). 6¼pcDb 87-92 £83¼. 7¼pcDb 88-93 £90. 11¼pcDb 2009 £117¼ (12/5). 6¼pc UnsLn £58. 7½pcUnsLn £62◊. 7¼pcUns Ln 93-98 £88¼ 9 90
Bass 4pcPf (£1) 40 (14/5). 7pcPf (£1) 70◊. 3¼pcDb 87-92 £76. 8¼pcDb 87-92 £93½ 4 ¼. 10.65pcDb 96-99 £104 ¼. 4½pcUnsLn 92-97 £62 (13/5). 7¼pcUns Ln 92-97 £89
Bas Investments 7¾pcUnsLn 92-97 £84½ (14.5)
Boddingtons Brews. 9½pcUnsLn 2000-05 £89 (13/5). 9½pcUnsLn 2000-05 £146 7½ 9
Bulmer (H. P.) Hldgs. 9½pcPf (£1) 129 (14/5). 8¼pc2ndPf (£1) 119 20 (14/5)
Clark (Matthew) Sons (Hldgs.) 7pcPf (£1) 75◊
Daniell Sons Brews. 4½pc2ndMtDb B 1896 £40½ (9/5)
Devenish (J. A.) 5½pcPf (£1) 48
Distillers 5½pcUnsLn £51½ (13/5). 7¼pc UnsLn 88-93 £87 ¼ ½ ¾. 10.5pcUnsLn 93-98 £102¼ 3½
Greenall Whitley A Ord (5p) 52‡ [illegible] (13/5). 8pcPf (£1) 108. 7¼pcDb 87-92 £88 (14/5). 7pcUnsLn £58 (13/5). 8½pc UnsLn £70 ½
Guinness 5¼pcPf (£1) 100[illegible] 1
Hardys and Hansons 485 (13/5)
Higsons Brews. 6½pcUnsLn 2000-05 £68 (14/5)
Hill, Thompson 8pcDb 87-92 £82
Home Brewery 5¼pcPf (£1) 56 (12/5)
Imperial Brewing and Leisure 7pc2ndDb 87-92 £89 (13/5). 7¼pc2ndDb 85-90 £92 (13/5). 8pc2ndDb 89-94 £91¼ (13/5). 6½pcUnsLn 2004-09 £70½ (14/5). 7.1pcUnsLn 94-99 £81¼‡ ⅞‡ (13/5). 10½pcUnsLn 90-95 £104¼◊
McMullen and Sons 6½pcPf (£1) 85 (12/5)
Mansfield Brew. (£1) 444 (13/5)
Scottish Newcastle 7¼pcPf (£1) 70 (9/5). 6pcDb 1984-89 £89¼ (14/5). 7¼pcDb 1989-94 £85¼ (14/5)
Shipstone (James) Sons 4pcDb £32 (12/5)
South African 7pcPf (R1) 5 (14/5)
Thwaites (Daniel) 5pcPf (£10) 415 (12/5)
Truman 4pcDb (1889) £34 (14/5). 10¼pc Db 1991-96 £101½
Vaux Gp 7pcPf (£1) 66 (14/5). 7¼pcDb 1987-92 £91 (13.5)
Watney Mann Truman Hldgs 7pcDb 1988-93 £83. 7¼pcDb 1988-93 £92 (12/5). 10½pcDb 1990-95 £102 3 (12/5). 12¼pc Db 2008 £122¼ (12/5). 7½pcLn 1994-99 £83⅝‡ ¾‡ (14/5). 8pcLn 1990-95 £80¼ 1
Whitbread 4½pcPf (£1) 42 (14/5). 5½pc Pf (£1) 55. 6pcPf (£1) 58 (14/5). 7pc Pf (£1) 68 (9/5). 4½pcDb 1999-2004 £58 (14/5). 6¼pcDb 1987-92 £84¼ (9/5). 6¼pcDb 1984-87 £94¼◊. 7pcDb 1988-93 £86 7¼ (14/5). 7¼pcDb 1989-94 £92½ 3 (14/5). 7¼pcLn 1986-91 £90¼ (9/5). 7¼pcLn 1995-99 £83 ¼ ½. 7¼pcLn 1996-2000 £83¼‡ ½‡ (13/5). 10½pcLn 2000-05 £102
Whitbread Investment 232 4 7. 6½pcDb 1987-92 £86 (9/5)
Young 9pcPf (£1) 120◊
Nationwide 9⅞pcBds 18/5/87 £100.045 (12/5)

### COMMERCIAL, INDUSTRIAL

**A—B**

AAH Hldgs 4.2pcPf (£1) 54 (9/5)
A.C. Cars (5p) 228
AE 8pcLn 1989-94 £83¼
AECI 5½pcPf (R2) 34 (14/5)
AMEC 15pcLn 1992 £115
A.P.V. Hldgs 10¼pcLn 1997-2002 £365 (12/5)
Albion (20p) 51 2 3
Alexanders Hldgs A (10p) 12 (13/5)
Allen (Edgar) Balfour 7¼pcDb 1987-92 £83 (9/5)
Allied Plant Gp 10pcLn 1985-86 £120 (14/5)
Allied Textile Companies 10pcLn 1993 £200 (13/5)
Anglo Nordic Hldgs 10pcLn 1989-92 £94 (12/5)
Argyll Gp Wts 228 30
Argyll Stores 6pcLn 1982-87 £90½◊. 6¼pcLn 1992-2007 £70 (14/5)
Ariel Industries 32 4
Armitage Shanks Gp 10pcLn 1989-94 £93
ASDA-MFI Gp 9¼pcPf (£1) 129 (14.5)
Ashley Industrial Tst A (5p) 25
Associated British Foods 5pcPf (£1) 57 (13/5). 8½pcDb 1981-86 £100½. 7¼pc Db 1988-93 £85¼. 5½pcLn 1987-2002 (50p) 25‡ (12/5). 7½pcLn 1987-2002 (50p) 39½◊
Associated Electrical Industries 6¼pcDb 1986-91 £88½
Associated Fisheries 8¼pcLn 1991-96 £87 82 (9/5)
Associated Leisure 7½pcLn 1989-94 £77½
Associated Paper Industries 3.85pcPf (£1) 48½‡ ¼‡ (12/5)
Audio Fidelity (10p) 57◊
Automated Security (Hldgs) 5pcPf (£1) 130 (14/5)

[illegible]

# STOCK EXCHANGE DEALINGS

Trafalgar Hse 7pcDb (£1) 60 (12/5). 8½pcLn 2000-05 £84½. 10¼pcLn 2001-2006 £100¼
Transport Dev Grp 4.2pcPf (£1) 50 (13/5). 8¼pcLn 1993-98 £84 (14/5)
Trefoeese Silk Printers 6pcPf (£1) 48 50 (12/5)
Triefus 20pcPf 37 (12/5)
Trinity Intntl Hldgs (50p) 420 3 5 7. 6pcPf (£1) 42 3 (14/5)
Trusthouse Forte 6.25pc1stDb 1984-89 £87 (14/5). 6.25pc1stDb 1985-90 £87 ¾ ½. 7.25pc1stDb 1986-91 £90½ (13/5). 10.5pcDb 1991-96 £104¼. 9.1pcLn 1995-2000 £93¼
Turner & Newall 8pcDb 1987-92 £92 (12/5). 10.1pcDb 1990-95 £99½ (14/5). 11¼pcDb 1995-2000 £111½
Turriff Corp 5½pcPf (£1) 43 4 (12/5)

Unigate 4½pcPf (£1) 45 (12/5). 5¼pcDb 1983-88 £90½ (6/5). 7½pcDb 1986-91 £92¼ (9/5). 5pcLn 1991-96 £66 (9/5). 6½pcLn 1991-96 £78 9¼ (14/5)
Unilever 5pc1stPf (£1) 47. 7pc1stPf (£1) 68 (12/5). 8pc2ndPf (£1) 76 (12/5). 5¼pcLn 1991-2006 £62 (14/5). 7¾pcLn 1991-2006 £83½ ¾ 4 ¼
Union Intntl 6pcPf (£1) 56½. 7pcPf (£1) 65½
United Biscuits (Hldgs) War 108. 8pcDb 1983-88 £87 (14/5)
United Gas Inds 10¼pcLn 1998-2003 £86 (9/5)
Upton (E.) 55

Vantona Viyella 4.55pcPf (£1) 63 ½. 5.5pcPf (£1) 75½ 6 (14/5). 8.4pcDb 1989-94 £86 7 (12/5)
Vickers 5pc(taxfree30p)Pf (£1) 69 (12/5)
Victoria Carpet Hldgs 88 9 90
Volvo AB B Sk25 £56½ (14/5)

## W—Y—Z

WPP Grp (10p) 493 8 500 5
WSL Hldgs (5p) 180 2 3 4 ½ 5
Waddington (John) 6pcPf (£1) 55ø. 8pcPf (£1) 73 (9/5)
Walker & Staff Hldgs (5p) 63 (13/5). 9pcLn 1988 £82
Walker (Alfred) 8¼pcPf (£1) 115
Walker (Thomas) (5p) 25 (12/5)
Wassall (J. W.) 7½pcPf (£1) 44 (12/5)
Wellcome 193 4 ½ 5 6 ½ 7 8
Wellman 10pcPf (£1) 127
West Bromwich Spring 11.5pcPf (£1) 70 (12/5)
Westbury (10p) 158 9. New (10p) 155 6 7 ½ 8 ½ 9 ½ 60 1
Westland War 17 20 1. 7½pcPf (£1) 102 (14/5). 12¼pcDb 2008 £118½
Westwood Dawes 8 (12½p) 47 9
Whitecroft 4.1pcPf (£1) 58 (12/5)
Whittingham (W.) (Hldgs) 8pcLn 1992-1997 £80½ø
Wigfalls 7pcPf (£1) 98 (13/5)
Wiggins Teape 6¼pc2ndDb 1981-86 £96¼ (12/5)
Williams Hldgs 10½pcPf (£1) 125ø. 5pcPf (£1) 265
Woodhead (Jonas) 6pcPf 1964-2000 (£1) 48
Woolworth Hldgs 14pcLn 1987-89 £102¼ ¾ 3. 8½pcLn 2000 £173 4 6

York Trailer Hldgs 10pcPf (£1) 136
Yorkshire Chemicals 12½pcLn 1987-92 £153 (14/5)

## FINANCIAL TRUSTS

American Express Com ($0.60) £38½ (13/5)
Armour Tst 10½pcLn 1991-96 £710
Baillie Gifford Tech Wts sub Ord 20 (13/5)
Berkeley Tech ($0.05) 182 3 90
Britannia Arrow Hldgs Wts sub Ord 38. 6¼pcPf (£1) 67 (13/5). 9pcCnvLn 1995-2000 £129 30½ 1 (14/5)
Compagnie Bancaire SA (FFr100) (Br) £130
Continental Assets Tst (75p) 102
Daily Mail Gen Tst (50p) £17 (13/5). 5pcPf (50p) 24½ (13/5)
Exploration Co (5p) 97 (14/5)
F C Enterprise Tst Wts sub Ord 10
Ferguson (James) Hldgs (10p) 24½ 5½
First National Fin Cpn 6.3pcCnvPf (£1) 115 6 7 ½. 10pcSubLn 1992 £97½ (13/5)
First National Secs (Hldgs) 12½pcCnvLn 1997 £590
Hampton Tst New 11pc1stDb 2025 £110 ¼ (14/5)
Highcroft Invst Tst 140 2 (12/5)
Inchcape 8½pcPf 1990-92 (£1) 62 (13/5). 8pcLn 1987-90 £92. 10¼pcLn 1990-95 £99. 12½pcLn 1993-98 £111 2
International Inv Tst Co Jersey 13pcPf (£1) 100½
Kellock Tst VarRateCnvPf (5p) 36
Mercantile House Hldgs VarRateLnNts 1984-89 £103 (14/5)
Murray Ventures Wts sub Ord 77 8
N.M.C. Invsts Wts sub Shs 75
Pacific Invst Tst 94 ½ 5½. Wts sub Ord 23½ 4
Rothschild (J.) Hldgs Wts sub Ord 10ø
Stock Exchange 7¼pcDb 1990-95 £84 ¼‡ ⅜‡. 10pcDb 2016 (£25 pd) £28⅞
Strata Invts Wts sub Ord 46 (13/5)
Transcontinental Ser Gp NV Wts sub Shs 15
Yule Catto 11pcPf 1998-2003 (£1) 130 (12/5)

## INSURANCE

General Acc Fire Life Assc Cpn 7½pcLn 1987-92 £89¼. 7¾pcLn 1992-97 £93
Guardian Royal Exchange Ass 7pcPf (£1) 75 (13/5). 7pcLn 1986-91 £88
Standard Life Ass 8pcPerp £42 (13/5)

## INVESTMENT TRUSTS

Alliance Tst 5pcPf £42 (14/5)
Asset Tst Wts sub Ord 64 5 6 (14/5)
Atlantic Assets Tst 5pcPf (£1) 40‡ (13/5)
Baillie Gifford Japan Tst Wts sub Ord 273
Baillie Gifford Shin Nippon Wts sub Ord 40½ 1½
British Assets Tst 4½pcPf £39. A5pcPf £40 3 (9/5)
British Kidney Patient Ass (£1) 153ø
Danae Wts sub 1 Inc and 1 Cap 27 (14/5)
Derby Tst Cap Shs (10p) (Ex Entitle Wts) 130 (12/5). Wts sub Cap Shs 49 (12/5)
Drayton Consd Tst 3.5pcPf £42 (13/5)
Drayton Japan Tst 4pcPf £34
Dundee London 5pcPf £44 (12/5)
Edinburgh American Assets Tst 4½pcPf £39. 8pcCnvSubLn 1973-98 (£1) 770 (13/5)
Edinburgh Invst Tst 3.65pcPfd £43 (9/5)
English Internl Tst 5½pcPf (£1) 48 (14/5)
English Scottish Investors 8 90 (9/5)
English National Invst Pfd (£1) 179½‡ 80 1 (12/5). Dfd 118
F C Alliance Invst 6pcPf £50 (13/5)
F C Eurotrust 5¼pcCnvLn 1996 £177 82
F C Pacific Invst Tst Wts sub Ord 54
First Scottish American Tst 3½pcPf £42 (9/5). 11.5pcDb 2018 £118 (12/5)
Fledgeling Japan Inv Wts sub Shs 18
Fleming American 5pcCnvLn 1987-92 £230 (12/5)
Fleming Mercantile 3.5pcPf (£1) 43 (13/5). 4¼pcPerpDb £38½ (9/5)
General Cons Invst Tst 4½pcAPf £36
German Secs (£1) 107 8 (13/5). Wts sub Ord 32 4 6 (13/5)
German Smaller Co's Wts sub Ord 83
Glasgow Stockholders Tst 5pcPf (£1) 50 1½
Globe 1½pcCnvLn 1990-95 £272 7
Greenfriar Wts sub Ord 207 (14/5)
Group Investors Optn Cts sub Ord 134 (12/5). 5pcDb 1986-91 £75 (12/5)
Hambros 5¼pcDb 1981-86 £99½ (9/5). 6pc-17pc Stepped Int Db 2018 £147½ (9/5)
Invest Tst Guernsey (50p) 165 (12/5)
Investors Capital Tst 5¼pcPf £47 (14/5)
Kleinwort Charter 5pcPf £42 (13/5)
London St Lawrence (5p) 68 (9/5)
London Tst 4pcPfd (£1) 47 (13/5)
Murray Internl Tst 4½pcPf (£1) 38 ½ (9/5)
New Darien Oil Tst Wts sub Ord 1 (13/5)
New Throgmorton Tst (1983) 12.6pcDb 2008 £121
North Atlantic Secs CVorp 7½pcLn 1995-1996 £310 20 (13/5)
Northern American 3½pcPf £40‡ (13/5)
Northern Indust Improv (£1) 245 (9/5)
Plantation 7½pcLn 2000 £85
Raeburn 5pcPf £43 (14/5)
Rights and Issues 56‡ ¾‡. 7½pcPf (£1) 70ø
River Mercantile Geared Cap Inc Pfd (5p) 11½ ¾. Ord (5p) 88 ½ 9 90
St Andrew 5½pcPf £44 (12/5)
Scottish American 4pcDb £30 1 (12/5)
Scottish Mercantile 7½pcPf (£1) 66 (12/5)
Scottish Eastern 4½pcPf £59 (13/5). 4pc Db £30 - (12/5). 12½pcDb 2012 £124 (12/5)
Scottish Inv Tst 3.5pcPfd £44 (9/5)
Scottish Mortgage 8pc-14pc Stepped Int Db 2020 £134½ (9/5)
Scottish National 6pcPf (£1) 99¼‡ ¼‡ 100‡ (9/5)
Securities Tst Scotland 4½pcPf £38½ø
Shires Wrnts 34 5. 11pcLn 2003-04 £113
TR Australia Wrnts 114 (14/5). 7pcDb 1997-2002 £76½ 7 (13/5)
TR City of London 6pc2ndPf (£1) 54 (9/5)
TR Indust Gen 5¼pcDb 1992-97 £67
TR Pacific Basin Wrnts 465 (13/5)
TR Property 4½pcPf £39
TR Technology 5pcPf (£1) 42
TR Trustees 4½pcPf £38 (13/5)
T.T. Finance 11¼pcDb 2018 £108½‡ ¾‡ ½‡ ¾‡ (13/5)
Throgmorton 12¼pcDb 2010 £116¼ (13/5)
Throgmorton USM 5½pcPtlyCnvPf (£1) 92 (12/5)
United States Deb 4¼pcDb 1999 £62 (12/5)
Witan 3.4pcPf (£1) 43 (14/5). 8¼pcDb 1990-95 £84½‡ ¼‡. 8pcDb 1996-99 £75 (12/5). 8½pcDb 2016 (£50 Pd) £50¼ ½

## UNIT TRUSTS

M. and G. Gold Gen Fund Inc 55½
M. and G. Intnl Inc Fund Inc 55⅞

## MINES—MISCELLANEOUS

Anglo American (R0.50) £52½ (13/5). 6pcPf (R2) 5‡ (13/5)
Anglo United Dev (Can Reg) 35
Bischi Tin (10p) 20 (12/5)
Consolidated Gold Fields 7¾pcLn 1989-2004 £91 ½ (13/5). 8¼pcLn 1988-93 £92½
De Beers Consold 8pc2ndPf (R1) 6 (13/5)
El Oro Mining Ex (10p) 188 (12/5)
Minerals Resources ($1.40) $8.9 550 65 75
North Kalgurli Option 17
Northchart (R0.10) 11 (13/5)
Rio Tinto-Zinc (Br) (Cpn 84) 653 63. Accumg Ord 630. 3.325pcAPf (£1) 45½ (14/5). 6¼pcLn 1985-90 £87
Zambia Consold Copper B (K10) 56 65

## MINES—SOUTH AFRICAN

Free State Cons Gold (R0.50) £8⅞
General Mining Union 8.5pcCnvPf (R0.40) £7½ (12/5). 12.5pcCnvDb (R27) £8
Orange Free State (R0.01) £18ø
Trans-Natal Coal (R0.50) 155 (9/5)

## OIL

British Petroleum 9pc2ndPf (£1) 88
Burmah Oil (£1) (Nil Pd) 36 7 8 9 40 1 2 3 4. 6pc2ndPf (£1) 54‡ (9/5). 7¼pcPf (£1) 69. 8pcPf (£1) 77
Dome Petroleum 77
ELF UK 12¼pcLn 1991 (Reg) £108¼ (9/5)
Great Western Resources 48 52
New Court Natural Resources Wrnts 1 (14/5)
Shell Transport Trading 5½pc1stPf (£1) 55 (14/5). 7pc2ndPf (£1) 73½
Texaco Intnl Financial 4¾pcStlgSCnvLn 1981-99 £61½ (14/5)

## PROPERTY

Alliance 9½pcDb 1992-97 £80‡ (13/5)
Allied London 10¼pc1stDb 2025 £105¼ (12/5). 8½pcCnvLn 1999 £174 (13/5)
Allnatt London 7½pc1stDb 1990-95 £84¼ (13/5)
Argyle Secs 12pcDb 1993-98 £105
Arndale 6¼pcLn 1984-89 £88 (9/5)
Asda 10¼pc1stDb 2011 (£25 Pd) £27
Atlantic Metropolitan (UK) 12pcLn 1991-97 £1100 10
Brixton 6¼pcLn 2002-07 £73 (13/5)
British Land 15pc 1stDb 1997 £106½. 10¼pc1stDb 2019-24 £107¼ ½ (14/5)
Brixton Estate 11.75pc1stDb 2018 £119⅝ 20 (13/5)
Capital and Counties 6¼pc1stDb 1993-98 £72 (12/5). 6⅛pc1stDb 1995-2000 £76¼ (9/5). 9¾pcLn 1991-96 £99½ (12/5)
Centrovincial Ests 11¼pc 1stDb 2016 (Fpl AL-19/5) £110½ (14/5)
Control Secs (10p) (Fp/AL 30/5) 17½ 8
English Prop Corp 9½1stDb 1997-2002 £100½‡ ¾‡ (14/5)
Estates and Gen Invests 4.9pcPf (50p) 32
Estates Prop Invest 10pc 1stDb 2011 (Fp/AL-24/10) £99¼ø. 7¼pcLn 1989-1992 £83 4 (13/5)
Gable House Props 10¼pcLn 1995-99 £715 (14/5)
Great Portland Ests 9.5pc 1stMtgDb 2016 (£25Pd-24/10) £24⅞ ¼
Green Prop (Ir£0.25) 97 (14/5)
Greenhaven Secs 6pc1stDb 1983-88 £92 (14/2)
Greycoat Group 12.85pcLn 1990-92 £110
Hammerson Prop Inv and Dev Corp 440
Haslemere Ests 9pcLn 2001-06 £150 (13/5)
Kenning Ests 5½pcPf (£1) 52 (9/5)
Land Securities 6pc1stDb 1988-93 £84½ø. 7¼pc Db 1991-96 £83. 9pc 1stDb 1996-2001 £97¾ 8. 10pc1stDb 2025 £105¾ (13/5). New 10pc1stDb 2025 (£25pd-21/8) £24½ ⅝. 8½pcLn 1992-97 £91½ ½ 2 ¼ ¾
Lewis (John) Props 9¼pcDb 1992-97 £99 (13/5)
London County Free and Less Prop 6¼pc 1stDb 1986-95 £80 (9/5)
London Shop Prop Trust 8¼pcLn 1987-97 £95½ (12/5). 9pcLn 1994-99 £154 6
MEPC 4½pcPf (£1) 40 (13/5). 9¼pc 1st Db 1997-2002 £101¼ (13/5). 10¼pc 1stDb 2024 £114½ 5 (13/5). 12pc1st Db 2017 £123¼ (12/5). 8pcLn 2000-05 £84¼. 6½pcLn 1995-2000 £111½
Marlborough Prop Hldgs 10pcLn 1998-2002 £166 (14/5)
Merlin Intnl Props 51 2 3 5 6
Mountleigh Grp 9¾pcLn 2005 £250
Municipal Props (50p) £191‡ 64‡
Peachey Property Corp 6¾pc1stMtgDb 1983-88 £90 (14/5)
Peel Hldgs 10pcPf (50p) 64½ (14/5). 9¾pc1stMtgDb 2011 (£40 pd 30/6/86) £39¼ø
Property Hldg & Inv Tst 4½pcPf (£1) 34 (14/5). 8½pcLn 2001-06 £141 (14/5)
Reliable Props 500 2 (12/5)
Rosehaugh New (20p) (Nil Pd 2/6/86) 70 5 8 80 ¾ 2 3 8
Rosehaugh Greycoat Estates 11pc1stMtg Db 2014 £114½‡ ¾‡ (9/5)
St Modwen Props (10p) (Ex Rights) 17 8. New (10p) (Nil Pd 16/5/86) 7 8 (14/5). 8.5pc2ndPf (£1) 111½ (13/5)
Samuel Props 11pc1stMtgDb 2015 £111¼ ½
Tharsis Company 125 ½ (12/5)
Town & City Props 8pcLn 1997-99 £84 (14/5)
Town Centre Securities 9pcLn 1996-2000 £130 1 (14/5)
Wates City of London Props 142 3 4
Western Ground Rents 3¼pc1stMtgDb (1956-91) £80½‡ø

## PLANTATIONS

Anglo-Eastern Plantations 12½pcLn 1995-1999 £90 (9/5)
Anglo-Indonesian Corp Fltg Rate Ln 1985-1988 £90 100 (14/5)
Chillington Corp Dfd 77. 9½pcPf (£1) 105 10 (14/5)
Dunlop Plantations 6pcPf (£1) 58½‡ ¾‡ (13/5)
Hidong Estate (10p) 41½ 3 (14/5)
Inch Kenneth Kajang Rubber (10p) £3¼ (13/5)
Jitra Rubber Plantations (10p) 43 (14/5)
McLeod Russel 4.2pcPf (£1) 48 (13/5)
Malakoff Berhad (Ma$1) 45ø
Narborough Plantations (10p) 20 (12/5)
Ruo Estates Hldgs 515 (12/5)

## RAILWAYS

Canadian Pacific (Iss Ldn) (Interch transl) (NPV) £8 (13/5). 4pcNon-CumPf £Stlg (NPV) 30 (9/5). 4pcDb £40¼ ½
Ontario & Quebec Railway 5pcDb (Int Gtd by CP) £51½
Quebec Central Railway 1stMtgDb (Gtd by CP) £30 (12/5)

## SHIPPING

Common Bros (50p) 7. A (1p) 4½ (14/5)
Graig Shipping A Non-Vtg (£1) 505 (14/5)
Peninsular & Oriental Steam Nav 5pcPfd £48½. Warrants to purchase Dfd Stk 138 40 (9/5)
S'hampton, IOW ½ SOE RM Steam Pkt (50p) 315 7

## UTILITIES

Barton Transport Dfd (160p) 265 (14/5)
Bristol Channel Ship Repairers (10p) 4½
Calcutta Elect Supply Corp (India) (Rs 10) 66 (14/5)
Houston Industries Shs of Com Stk (NPV) $30‡ (14/5)
Manchester Ship Canal 5pc Pf (£1) 315 7. 3½pc1stDb (Reg) £31 (9/5). 4pc 1stDb (Reg) £31 (9/5)
Mersey Docks and Harbour Cmbnd Units 39. 3¾pcDb £20 (14/5)

## WATERWORKS

Bristol 4.9pc £57‡ (13/5). 3.5pc £42‡ (12/5). 4.025pcPf 1983-88 £94 (14/5). 4pcDb £30‡ (13/5)
Cambridge 7¼pcDb 1986-90 £92 (9/5)
Colne Valley 4.025pcPf 1988-93 £72ø. 4.55pcPf 1982-87 £90 (13/5). 10pcDb 1996-98 (£10 pd) £10⅛ ¼
East Surrey 4.2pcPf 1985-90 £77. 7pc Db 1990-92 £83 (13/5)
Eastbourne 4.2pcPf 1985-87 £90 (13/5). 19½pcDb 1995-97 £103¼ (13/5)
Essex Water 3.5pc £43‡ 4‡ (12/5). 3.5pcPf £39‡ 46 (12/5). 5pcDb 1986-1991 £75 (9/5). 10⅝pcDb 1994-96 £103 (9/5)

Hartlepools 8pcDb 1992-94 £84½ (9/5)
Lee Valley 3.5pc £45 (13/5). 7¼pcDb 1991-92 £84½ (12/5)
Mid Kent 3.5pc £45‡ 7‡ 7 (9/5). 3.5pc £49 (9/5). 8pcDb 1992-94 £89 (13/5)
Mid-Southern 3.5pc £47 (13/5)
Newcastle and Gateshead 7pc £67 (9/5). 3.5pcPf £41‡ (12/5). 5pcDb £38½‡
North Surrey 3.5pc £43 (13/5). 4pcDb £29
South Staffordshire 4.9pc Class B £55‡ (12/5). 3.5pc £40‡ (12/5). 4.2pcPf 1983-88 £89 (12/5). 7½pcDb 1991-94 £86 (12/5)
Sunderland and South Shields 3.5pc £50 (9/5). 4.2pcPf 1986-88 £89ø. 7pcDb 1986-88 £99‡ (12/5)
Sutton District 7pc £73 (13/5)
West Hampshire 3.15pcPf (£10) 215 (13/5). 5pcDb £36
West Kent 2.8pcPf (£10) 240 55 (13/5)
Wrexham and East Denb 3½pcDb £25ø
York 4.9pc £52‡ (9/5). 4.2pcPf £35 (9/5). 5pcDb £38½ (9/5)

## UNLISTED SECURITIES MARKET

American Electronic Components (5p) 19 ½ 9 ½
Biochemicals Intnl (10p) 25 6 8. 8pcLn 1991 £115 (14/5)
Bula Resources 5 (Ir£0.025) Ir£0.03
Cannon Street Invs 7.7pcPf 1994-98 570 (14/5)
Chart Foulks Lynch (5p) 118
Cobra Emerald Mines (npv) 77 (12/5)
Continental Microwave (Hldgs) 6.0pcPf 2005 (£1) 95 (9/5)
Cramphorn (50p) 320 5 (9/5)
Davies (D. Y.) New (fp) (5p) 228 30 1 2 3 4
Debfor Hldgs New (fp) (10p) 143 4 5
Eldridge Pope A (Rest Vtg) (£1) 353 5 7
Electron House 6.5pcPf (£1) 105
Equity Finance Tst Hldgs (Rest Vtg) (10p) 35 6 7 8
Gibbs Mew (25p) 130ø
Gould (Laurence (25p) 116 ½ (14/5)
Green (Ernest Partners Hldgs New (fp) (5p) 123
Heavitree Brewery A (Lim Vtg) (25p) 370ø
Intervision Video (Hldgs) (10p) 5½ ¼ 6. 7pcPf (£1) 47
Lodge Care (25p) 87 8 90
Musterlin Gp New (fp) (20p) 131
Parkfield Gp 7pcPf (£1) 185½‡ (13/5)
Pavion Intnl 11pcLn 1994-02 £100 1
Perkins (John) Meats (10p) 27 (13/5)
Sigmex Intnl (10p) 71
Splash Products New (fp) (10p) 71 2
Swindon Private Hospital (£1) 120 1 (12/5)
Technology for Business 7pcPf (£1) 130 (9/5)
Usher (Frank) Hldgs New (fp) (5) 98 100
Worcester Gp New (fp) (10p) 136 7 8 9 ½ 40 ½ 1

## SPECIAL LIST

### RULE 534 (4) (a)

**Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List**

ACI Intnl 175 (13/5)
Aberfoyle 360ø (13/5)
Acorn Secs 28ø
Advanced Micro Devices £17¼ (9/5)
AcCI Ord 165ø (14/5)
Aetna Life Cas £38¼ (9/5)
Agnico-Eagle Mines £9½ø
Amatil 365ø 70ø (14/5)
Amerada Hess £15.10ø (9/5)
American Home Prods £51⅞ (9/5)
Ampol 112ø 12 (12/5)
Amsterdam-Rotterdam Bk Fl 96
Asahi Glass 480 (9/5)
Ashton Mining 72 (14/5)
Asia Oil Minerals ¼ø (13/5)
Assoc Manganese Mines SA £30
Aust Foundation 101
Bass Strait Oil Gas 2ø (14/5)
Bayerische Motoren Werke DM 562ø 5ø (14/5)
Beach Pet 30ø 2 (9/5)
Bo'l Grp 402ø
Big Three Inds £15¼ (14/5)
Black Hill Minerals 11ø (12/5)
Boral Ord 225 7 (12/5)
BP Canada £11½ø (14/5)
Brambles Inds 304 (14/5)
Cathay Pacific Airways 42½ 4 ½
CSF (Thomson) £135 (14/5)
Carrefour £363ø FFr 3,930.00 (14/5)
Central Norseman Gold 330 (13/5)
Cheung Kong Hldgs 179ø 81½ø 2ø 4½ø (12/5)
Cigna Corp £40⅜ø (12/5)
Carlsberg Brew Malaysia 124½
Coles Myer 283ø 80
Conex Aust 1¼ (12/5)
Cons Pet Aust 6 7½ (12/5)
Cons Res 3¼ (9/5)
Corning Glass Wks £45⅝ (13/5)
Daimler-Benz (DM 50) £406ø
Darty (FFr 20) £305½ (14/5)
Dome Mines 425
Dresdner Bk DM 438ø
Eastman Kodak £36⅞ (9/5)
Gen Signal Corp £32⅝ (14/5)
Generale Occidentale 380ø 2ø 3ø (12/5)
Geometals 13 (9/5)
Gist-Brocades £57½
Golconda Minerals 24ø (13/5)
Grants Patch Mining 14
Gt Eastern Mines 8½
Hammermill Paper £22½ (14/5)
Haoma North West 34ø (9/5)
Hartogen Energy 97ø (13/5)
Heineken NV £20½ø Fl 152.0 20
Heinz (H. J.) £25⅞ (14/5)
Hill 50 Gold Mines 10ø (12/5)
Home Energy 11ø 12ø (13/5)
Hong Kong Electric Hldgs 77½ø (12/5)
Hong Kong Telephone 86 (14/5)
Humana Inc £18⅝
Hunter Res 34 (12/5)
Hussel DM 427ø £143¼
Industrial Equity 254ø (14/5)
Int Mining 3
Johnson Johnson £41¼ø (13/5)
Jones Mining (A$0.20) 104ø (9/5)
KLM £12 23
K Mart Corp US$49¼ (14/5)
Killinghall Tin (Malaysia) (Lon Reg) 180 (12/5)
Kroger £32¼ø (14/5)
Kulim Malaysia 24ø (12/5)
Lawter Intnl £5¾ (14/5)
Leighton Hldgs 28
Lilly (Eli) £44¼
Litton Inds £56½ (14/5)
MA Com £10.7
Mannesman £86⅝ (13/5)
McDonald's Corp £63½ø (12/5)
MCI Comms 640ø (12/5)
Mid-East Minerals 10
Moet-Hennessey £241¼
Mount Martin Gold Mines 16½ø 17ø 18ø 16½ 17 18
National Electronics Cons 4½ø 5
National Semiconductor £9 (9/5)
Nationale-Nederlanden (Fl 2.5) £20¼ø Fl 79.10ø
Nedbank Grp 100 (13/5)
News Corp 995
Nicholas Kiwi Aust 165½ø
Night Hawk Res 55 (13/5)
North Flinders Mines 155
Oil Search 14¼ø ¼
Oilmet Res 59 60 (12/5)
O'seas Chinese Bkg 187ø (14/5)
Pancontinental Pet 4 (15/4)
Paragon Res 15 16½ (13/5)
Penn Central 20½ (12/5)
Pepsico £56⅝ø (12/5)
Perkin-Elmer £21¾ (9/5)
Pernod-Ricard £113ø
Petro Energy 7½ø (9/5)
Peugeot SA £102ø
Philip Morris £42½
Pioneer Concrete Svcs 120
Pioneer Electronic Corp 120ø (14/5)
Planet Res Grp 3½ø (14/5)
Poseidon 123ø 5
Regal Hotels Hldgs 12ø 13ø (12/5)
Regent Mining 68 (13/5)
Rodamco £36.45 (9/5)
Rowan Cos 365ø (9/5)
Sefmarine Rennies Hldgs 275ø
Schering-Plough Corp £46ø (13/5)
Selangor Coconuts 31ø 1
Sensormatic Electronics 437½ø (12/5)
Siemens DM 624ø 5ø 7ø £185½ø 7ø ½
Singapore Airlines 181ø (13/5)
Southland Corp £35¼ (14/5)
Standard Oil Ohio £30¼ (12/5)
Stirling Pet 1¼ (9/5)
Sun Hung Kai 9⅝ (9/5)
Sun Hung Kai Props 107ø (12/5)
Tandem Res 95ø 2 (13/5)
Target Pet (A$0.15) A$0.16
Terrex Res 7 (14/5)
Thyssen DM 163½ (13/5)
Tri-Continental Corp £19 ¼ (13/5)
Triton Energy Corp £19.30
Unilever NV (Fl 20) Fl 423½
Union Pacific Corp £33¼ø (12/5)
United O'seas Bk 94
Vamgas 100 (9/5)
Veba AG £90¼ (13/5)
Vereeniging Refractories 185 (13/5)
Volkswagenwerk DM 560ø (14/5)
Vuitton (Louis) US$184½ø (14/5)
Waltons Bond 16 (12/5)
Westmex 94 (14/5)
Woodside Pet 48½ø (9/5)
Woodside Pet (Lon Reg) 42½ø 2 3½ 4
Wooltra A 250 (14/5)
Woolworths (A$0.50) 144 8
Xidex Corp £13⅞ (12/5)
Zanex 13 (14/5)
Zono Petroleum 5 (13/5)

### RULE 535 (2)

**Applications granted for specific bargains in securities not listed on any exchange**

Adnams B (£1) £18.40 .50 (9/5)
Airship Inds (12½p) 31 34
All England Lawn Tennis Gnd £500 Dbs 1986-90 £16,500 50
Amal Metal Corp (£1) 145 7 (13/5)
Do. 5.4pcPf (£1) 15 20
Avesco (1p) 66 (13/5)
Barbican (1p) 5 ¼
Do. 11pcPf (£1) 40 (14/5)
Bolton House Invs (5p) 39 40¼ (12/5)
Cambridge Invests (5p) 136½ 7¼ (9/5)
Channel Hotels Props (10p) 140
City of Edinburgh Life Ass (£1) 400 (9/5)
Colston (Charles) (£1) 36 8 (13/5)
Dart Valley Light Rlwy (£1) 143 8 (13/5)
Dawson (Wm) (10p) 462 5 (14/5)
Deborah Secs (5p) 53 ⅝ 4¼ (13/5)
European Home Prods 11pcPf (£1) £95.363pc (9/5)
Do. Wts B (£1) 300 (9/5)
Five Arrows (£1) 325 31 (14/5)
Fredericks Place (£1) 93 5 6
Grampian TV (10p) 47 8
Greenstar Hotels (10p) 34½ 5½ (14/5)
Guernsey Gas Light (£1) 285 7
Guernsey Press (£1) 550 (13/5)
Hard Rock Cafe (£1) 80 5 (13/5)
Harvard Secs (2p) 79 82 (9/5)
Kunick Leisure (10p) 34 ½ 5½ (14/5)
Lincolnshire Standard 250 (9/5)
Manchester Utd FC (£1) 385 95 (14/5)
Merchant Mfy Ests (£1) 107½ 10 (14/5)
Mowat (William) Sons (10p) 27 9
Do. (10p) Nil Pd 12 3½ 4 ½
Norton Villiers Triumph (10p) 1½ 3 (13/5)
Oldham Ests (50p) 96 7 (13/5)
Oodles (10p) 20 1
Park Ests (L'pool) (£1) 630 (12/5)
Plymouth Hotel 153 5 (13/5)
Publishing (5p) 14 5 (13/5)
Red Rose Radio A NV (10p) 30 (13/5)
Shepherd Neame A (£1) 608 12
Southern Newspapers (£1) 223 5 (13/5)
Taddale Invs (10p) 7 8½ (14/5)
Utd Trust Credit (£1) 405 10
Wessex Water Authy 4pc 1987 £70 5pc (14/5)
Do. 4½pc 1987 £70 5pc (14/5)
Do. 5¼pc 1982-7 £73 5pc (14/5)
Wistech (1p) 1½ 3 5 (14/5)
Wynstay Props 142

### RULE 535 (3)

**Dealings for approved companies engaged solely in mineral exploration**

North West Oil Gas (20p) 5½ (14/5)

*(By permission of The Stock Exchange Council)*

## ECONOMIC DIARY

**TODAY:** Council for Social Democracy meets, Southport (to May 18). International conference on nuclear proliferation, Stockholm.

**TOMORROW:** Department for National Savings' monthly progress report for April. National Union of Public Employees annual conference, Bournemouth (to May 22). Union of Communication Workers annual conference, Bournemouth (to May 23).

**MONDAY:** April public sector borrowing requirement. April provisional figures for retail sales. Institution of Professional Civil Servants annual conference, Eastbourne (to May 22). Halifax Building Society annual meeting. South African April gold output.

**TUESDAY:** CBI/FT survey of distributive trades (to the end of April). Governors of Inter-american Development Bank meet, Buenos Aires (to May 21). Prison Officers Association annual conference, Folkestone (to May 23). NUM resumes bid to end receivership, High Court. Mr Kenneth Baker, Environment Secretary, addresses Association of Metropolitan Authorities seminar on local government finance. British Airways statement on 1985/86 results. NATO Defence Ministers meet, Brussels (to May 22).

**WEDNESDAY:** First quarter preliminary figures of gross domestic product (output based). New construction orders in March. Volvo annual meeting and first quarter results. TUC general council meets. International Energy Agency meeting on Chernobyl, Vienna. International Labour Organisation conference, Geneva (to May 31).

**THURSDAY:** Institute of Directors conference on how to work out the winning streak. Cyclical indicators for the UK economy for April. First quarter provisional figures of capital expenditure by the manufacturing and service industries; and of manufacturers' and distributors' stock. Deutsche Bank annual meeting, Stuttgart.

**FRIDAY:** Sales and orders in the engineering industries (February). General Motors shareholders meeting, Detroit. Central American summit on region's conflict, Guatamala City.

## Concrete groups in Channel Tunnel move

THREE BIG British precast concrete companies have announced their intention to form a joint venture to bid for work on the Channel Tunnel.

C. V. Buchan (Concrete), part of the AMEC group; Costain Concrete, part of Costain Group; and Dow-Mac Concrete, part of the Norcros group, have joined forces to tender for the manufacture and supply of precast concrete tunnel linings for the proposed tunnel.

It is expected that the tunnel will require more than 2m tonnes of precast concrete tunnel segments.

# UNIT TRUST INFORMATION SERVICE

## AUTHORISED UNIT TRUSTS

[illegible]

# AUTHORISED UNIT TRUSTS & INSURANCES

### Sentinel Funds Mngmnt Ltd
30 City Road, London EC1Y 2AY 01-628 6626

| | | | | |
|---|---|---|---|---|
| American Majors | 67.5 | 72.2 | -0.3 | 1.12 |
| Amer Tech & Genl Fd | 100.5 | 107.5 | | 0.55 |
| European Growth | 30.4 | 32.5 | +0.2 | 0.60 |
| European Income | 36.3 | 38.5xd | +1.1 | 5.70 |
| Exempt | 535.4 | 572.9 | | 2.03 |
| Intl Growth Fd | 29.4 | 31.5 | -0.5 | 0.13 |
| International Income | 55.9 | 59.8xd | -3.4 | 4.64 |
| Jap Tech & Genl | 92.5 | 99.0xd | -3.5 | 0.01 |
| Pacific Fund | 158.2 | 169.5xd | -2.3 | 0.51 |
| Secure Income Fd | 170.4 | 182.3xd | -2.5 | 4.54 |
| Small Co's Fd | 37.0 | 39.6 | -0.4 | 1.75 |
| Special Sits | 207.9 | 222.5xd | -3.6 | 2.14 |
| UK General Fund | 33.1 | 35.4xd | -0.4 | 2.32 |

### Standard Life Trust Mgmt. Ltd
3 George St, Edinburgh EH2 2XZ 0800 393777

| | | | | |
|---|---|---|---|---|
| Managed Trust Acc. | 23.3 | 25.0 | | 3.0 |
| UK Equity Gth Tst Acc | 23.3 | 25.0 | | 2.1 |
| UK Equity High Inc Inc | 23.3 | 25.0 | | 5.00 |
| UK Equity Gen Tst Acc | 26.8 | 28.7 | -0.6 | 3.19 |
| UK Equity Gen Tst Inc | 24.2 | 25.9 | -0.6 | 3.19 |
| Gilt & Fxd Int Tst Inc | 23.3 | 25.0 | | 8.0 |
| Nth Amer Tst Acc | 23.3 | 25.0 | | 2.00 |
| Far East Trust Acc | 23.3 | 25.0 | | 0.75 |
| European Trust Acc | 23.3 | 25.0 | | 1.25 |

### Stewart Ivory Unit Trust Mgrs Ltd (a)
45 Charlotte Sq, Edinburgh 031-226 3271

| | | | | |
|---|---|---|---|---|
| American Fund | 216.6 | 230.1 | | 2.35 |
| (Accum. Units) | 243.2 | 259.1 | | 2.35 |
| (Withdrawal Units) | 152.0 | 161.9 | | 2.35 |
| Australian Fund | 112.4 | 119.7 | +1.2 | 1.11 |
| (Accum. Units) | 115.8 | 123.3 | +1.3 | 1.11 |
| British Fund | 578.8 | 616.5 | -9.3 | 4.40 |
| (Accum. Units) | 779.6 | 830.4 | -12.5 | 4.40 |
| European Fund | 271.7 | 289.4 | +1.3 | 0.90 |
| (Accum. Units) | 286.1 | 304.7 | +1.1 | 0.90 |
| Japan Fund | 278.0 | 296.1 | -2.7 | 0.25 |
| (Accum. Units) | 279.4 | 297.5 | -2.7 | 0.25 |
| Savers PEP | 165.1 | 173.8 | | — |

### Sun Alliance Fund Management Ltd
Sun Alliance House, Horsham 0403 56293

| | | | | |
|---|---|---|---|---|
| Equity Tst | 376.8 | 400.9 | | 2.32 |
| North America | 56.6 | 60.2 | | 1.20 |
| Far East | 69.2 | 73.6 | -0.7 | 0.55 |

### Sun Life Trust Mgmt. Ltd
107 Cheapside, London EC2V 6DU 01-606 6010

### Abbey Life—Continued
Pension Funds

| | | | | |
|---|---|---|---|---|
| Property | 350.5 | 369.0 | | — |
| Equity | 741.3 | 780.4 | -18.1 | — |
| Selective | 245.3 | 258.3 | -2.8 | — |
| Managed | 604.3 | 636.2 | -6.8 | — |
| Security | 326.4 | 345.7 | | — |
| Fixed Int | 203.4 | 214.2 | -2.4 | — |
| European | 175.3 | 184.6 | +1.4 | — |
| American | 215.5 | 226.9 | -1.5 | — |
| Japan | 220.2 | 231.8 | -2.9 | — |

### Aetna Life Insurance Co Ltd
401 St John St, London EC1V 4QE 01-833 2303

Life Funds (Accumulator Units)

| | | | | |
|---|---|---|---|---|
| Squirrel | 11.04 | 11.62 | | — |
| Bear | 11.22 | 11.82 | -0.04 | — |
| Owl | 11.52 | 12.13 | -0.09 | — |
| Bull | 12.57 | 13.24 | -0.08 | — |
| Stag | 12.34 | 12.99 | -0.05 | — |
| Gilt-Edged | 11.20 | | -0.01 | — |
| Deposit | 9.62 | | | — |

Pension Funds (Accumulator Units)

| | | | | |
|---|---|---|---|---|
| Squirrel | 11.05 | 11.64 | | — |
| Bear | 12.05 | 12.69 | -0.06 | — |
| Owl | 12.37 | 13.03 | -0.11 | — |
| Bull | 13.94 | 14.68 | -0.11 | — |
| Stag | 13.70 | 14.43 | -0.07 | — |
| Gilt-Edged | 11.23 | | -0.01 | — |
| Deposit | 9.71 | | | — |

Contract Approved

| | | | | |
|---|---|---|---|---|
| Mixed Managed | 128.20 | 130.82 | -1.06 | — |

### Albany Life Assurance Co Ltd
3 Darkes Lane, Potters Bar 0707 42311

| | | | | |
|---|---|---|---|---|
| Equity Fd Acc (z) | 228.8 | 240.8 | +0.2 | — |
| European Fd Acc (z) | 193.9 | 204.0 | +1.8 | — |
| Fixed Int. Acc (z) | 306.7 | 322.8 | -0.2 | — |
| Gtd Money Fd Acc (z) | 196.5 | 206.8 | | — |
| Intl Man. Fd Acc (z) | 292.3 | 307.6 | +1.4 | — |
| Intl Fxd Int Fd Acc (z) | 174.9 | 184.1 | -0.5 | — |
| Japan Fund (z) | 222.5 | 234.0 | +0.1 | — |
| Nth American Fd Acc (z) | 163.2 | 171.8 | -0.6 | — |
| Prop. Fd. Acc (z) | 196.8 | 209.2 | | — |
| Multiple Inv. Acc (z) | 495.9 | 521.9 | +0.6 | — |

Pension Funds

| | | | | |
|---|---|---|---|---|
| Equity Fd Acc (z) | 1265.6 | 1332.2 | +0.4 | — |
| Euro Fd Acc (z) | 248.6 | 261.6 | +3.3 | — |
| Fixed Int. Acc (z) | 576.2 | 606.5 | -0.6 | — |

# INSURANCES

حركة امل الاحل

# OVERSEAS & MONEY FUNDS

**Sentinel Life plc**
2 Eyre Street Hill, EC1R 5AE 01-278 4488
Pension Mngd (Acc.) 62.4 | 66.4
Pension Mngd (Cap) 61.2 | 61.8

**Sharp (Albert E.) & Co.**
12 Newhall Street Birmingham B3 3ER 021-236 5801
Man-Clerical Mnl 109.5 | 111.3 | −1.8
Pens. Man-Schroder 427.1 | 449.8

**Skandia Life Assurance Co Ltd**
Frobisher Hse, Nelson Gte, Southampton 0703 334411
Skandia Life Funds
Managed Fd. 219.2 | 224.4 | +0.1
Equity Fd. 227.6 | 239.5 | −0.2
International Fd. 226.3 | 245.3 | +0.1
Gilt Plus Fd. 177.6 | 186.8 | +0.4
Property Fd. 151.8 | 159.8
Deposit Fd. 154.4 | 162.5 | +0.1
North American Fd. 119.1 | 125.3 | +0.2

**Target Life Assurance Co. Ltd.**
Target House, Gatehouse Road, Aylesbury, Bucks Aylesbury (0296) 5941

**Baring Fund Managers (Guernsey) Ltd**
PO Box 71, St Peter Port, Guernsey 0481 26541
Baring Currency Fund Ltd
US Dollar $10.63
Sterling £11.00
Deutschemark DM31.06
Japanese Yen Y3,158

**Baring International Group**
1901 Edinburgh Tower, Hong Kong 01-588 6133

**Eurolife Assurance Group**
5-11 Mortimer St London W1N 7RH 01-631 0778
Sterling Eurobond Fd. 118.6
Intnl Eurobond Fd. 117.0
Discretionary Fund 103.1

**S.G. Europe Obligations SA**
9 Avenue de la Liberte, Luxembourg
London Agent: FFS, Salisbury House, London Wall EC2M 5TA Tel. 01-920 0776 Telex 887281
Europe-Obligations $47.24 | −0.03 | 1.36

**Eurotax Investments Ltd**
1 Athol Street, Douglas, Isle of Man
UK Agents FIS St Albans 0727 41122

**Hellerup Scandinavian Fund Ltd**
Tyndall House, Douglas, IoM 0624 24111
Scandinavian Fd May 14 134.5 | 143.9 | +4.1

**Henderson Admin. (Guernsey)**
PO Box 71, St Peter Port, Guernsey 0481 26541

**Henderson Management SA**
20 Boulevard Emmanuel Servais, Lux. 010 352 21902

**MIM (Jersey) Limited**
PO Box 452, St Helier, Jersey 0534 27411
London Agents: 01-626 3434

**Minerals, Oils Res. Shrs. Fd. Inc.**
PO Box 194, St Helier, Jersey 0534 27441
Mores May 15 $10.08 | 10.99 | +0.11 | 3.08

**Murray, Johnstone (Inv. Adviser)**

**Scandinavian Bk Fd Mgrs Ltd**

**Schroder Mngt Services (Jersey) Ltd**

**J. Henry Schroder Wagg & Co Ltd**
120 Cheapside, London EC2

# OFFSHORE AND OVERSEAS

# Money Market Trust Funds

# Money Market Bank Accounts

# TRADITIONAL OPTIONS
3-month call rates

# LONDON SHARE SERVICE

## BRITISH FUNDS

### "Shorts" (Lives up to Five Years)

| 1986 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 100⅞ | 99⅛ | Treas 12pc 1986 | 100⅛xd | ..... | 11.98 | 10.51 |
| 99⅞ | 98⅛ | Treas 8½pc 1984-86‡‡ | 99⅞ | +⅛ | 8.57 | 10.43 |
| 102⅛ | 100½ | Exch. 14pc 1986 | 101⅞ | .... | 13.74 | 9.51 |
| 98⅛ | 94⅞ | Exch. 2½pc 1986 | 98⅛xd | +⅛ | 2.55 | 6.25 |
| 102⅞ | 100⅛ | Exch. 13¼pc 1987 | 102⅛ | –⅛ | 12.95 | 9.56 |
| 100⅞ | 97⅛ | Treas 10¼pcCv '87 | 100⅛ | –⅛ | 10.21 | 9.54 |
| 95⅞ | 92⅛ | Exch 2½pc 1987 | 96⅛ | –⅛ | 2.58 | 6.88 |
| 101½ | 97½ | Exch. 10½pc 1987 | 100⅞ | –⅛ | 10.41 | 9.39 |
| 96⅛ | 93⅛ | Funding 6½pc '85-87‡‡ | 98⅛ | –⅛ | 6.61 | 8.37 |
| 101⅛ | 96⅛ | Treas. 10pc 1987 | 100⅛xd | –⅛ | 9.93 | 9.34 |
| 95⅞ | 90⅞ | Treas 3pc 1987 | 95⅛ | –⅛ | 3.14 | 7.07 |
| 104½ | 99⅛ | Treas. 12pc 1987 | 103⅞ | –⅛ | 11.55 | 9.06 |
| 99⅛ | 92⅛ | Treas 7¾pc 1985-88‡‡ | 98⅛ | –⅛ | 7.85 | 8.58 |
| 104 | 96⅛ | Exch 10½pc '88 | 102⅞ | –⅛ | 10.21 | 8.87 |
| 102⅞ | 95⅛ | Treas 9¾pc Cv '88 | 101⅛xd | –⅛ | 9.61 | 8.99 |
| 92¼ | 86⅝ | Transport 3pc '78-88 | 92⅛ | –⅛ | 3.25 | 6.90 |
| 102½ | 93⅛ | Treas. 9½pc '88 | 101 | –⅛ | 9.411 | 9.01 |
| 107⅛ | 98⅛ | Treas 11½pc 1989 | 106⅛ | –¼ | 10.84 | 8.95 |
| 103½ | 93⅛ | Treas 9½pc Cnv. '89 | 101⅞ | –⅛ | 9.52 | 8.72 |
| 90⅞ | 82⅛ | Treas 3pc 1989 | 90⅛ | –⅛ | 3.31 | 6.53 |
| 105⅛ | 95⅛ | Treas 10½pc 1989 | 104⅛xd | –⅛ | 10.09 | 8.98 |
| 104⅛ | 94⅛ | Exch. 10pc 1989 | 102⅛ | –⅛ | 9.73 | 8.99 |
| 107⅛ | 97 | Exch 11pc 1989 | 105⅞ | –⅛ | 10.40 | 8.94 |
| 92⅞ | 84½ | Treas 5pc 1986-89 | 92⅞ | ..... | 5.39 | 7.44 |
| 110⅞ | 94⅝ | Exch 10¼pcCv '89 | 107⅛ | –⅛ | 7.54 | 7.76 |
| 114⅛ | 103⅛ | Treas 13pc 1990‡‡ | 112⅛ | –⅛ | 11.55 | 8.88 |
| 109⅛ | 97⅛ | Exch 11pc 1990‡‡ | 106⅞ | –⅛ | 10.32 | 8.89 |
| 113¼ | 101⅞ | Exch. 12½pc 1990 | 111⅛ | –⅛ | 11.20 | 8.87 |
| 87⅞ | 79⅝ | Treas. 3pc 1990 | 87⅞ | ..... | 3.42 | 6.59 |
| 100⅛ | 89⅛ | Treas 8¼pc 1987-90‡‡ | 99⅛xd | –¼ | 8.30 | 8.44 |
| 106⅛ | 93 | Treas. 10pcCv 1990 | 104⅛ | –⅛ | 9.58 | 8.77 |
| 84⅛ | 76½ | Exch 2½pc 1990 | 84⅛xd | +⅛ | 2.97 | 6.64 |
| 112⅛ | 99⅛ | Treas 11¾pc 1991 | 110⅛ | –½ | 10.63 | 8.91 |
| 94 | 83⅛ | Funding 5¾pc '87-91‡‡ | 93⅝ | –⅛ | 6.14 | 7.32 |

### Five to Fifteen Years

| 1986 High | Low | Stock | Price £ | + or – | Yield Int. | Red. |
|---|---|---|---|---|---|---|
| 110⅝ | 96⅛ | Exch. 11pc 1991 | 109 | –⅛ | 10.09 | 8.82 |
| 118¼ | 103⅝ | Treas 12¾pc 1992‡‡ | 116¼ | –¼ | 10.97 | 9.02 |
| 107⅝ | 92⅛ | Treas 10pc 1992 | 105 | –¼ | 9.52 | 8.66 |
| 109¼ | 94⅛ | Treas 10½pc Cv 1992‡‡ | 107⅛ | –¼ | 9.8 | 8.93 |
| 117¼ | 101⅛ | Exch. 12¼pc '92 | 114⅞ | –¼ | 10.66 | 9.08 |
| 123¼ | 106⅞ | Exch 13½pc 1992 | 120¼ | –⅛ | 11.18 | 9.10 |
| 53⅛ | 36⅞ | Treas 10pc '93 (£40pd) | 50⅝ | –¼ | 9.51 | 8.98 |
| 120⅞ | 103½ | Treas 12½pc 1993‡‡ | 117⅞ | –⅛ | 10.60 | 9.05 |
| 92 | 78½ | Funding 6pc 1993‡‡ | 90 | –⅛ | 6.67 | 7.81 |
| 128½ | 109⅛ | Treas 13¾pc 1993‡‡ | 124⅝xd | –½ | 11.03 | 9.14 |
| 133⅛ | 114⅛ | Treas 14½pc 1994‡‡ | 130⅛ | –½ | 11.14 | 9.02 |
| 127¼ | 108½ | Exch 13½pc 1994 | 124½ | –½ | 10.93 | 9.15 |
| 122¼ | 103⅞ | Exch. 12½pc 1994 | 119 | –½ | 10.50 | 9.17 |
| 104 | 85⅞ | Treas 9pc 1994‡‡ | 101 | –½ | 8.91 | 8.82 |
| 120⅛ | 101⅞ | Treas 12pc 1995 | 116¼ | –½ | 10.32 | 9.32 |
| 78¼ | 68⅛ | Gas 3pc '90-95 | 77¼ | –¼ | 3.88 | 6.37 |
| 110½ | 92⅛ | Exch. 10¼pc 1995 | 107 | –⅝ | 9.58 | 9.10 |
| 126⅛ | 106⅛ | Treas 12¾pc 1995‡‡ | 122⅛ | –⅝ | 10.42 | 9.16 |
| 133⅛ | 113 | Treas. 14pc '96 | 129½ | –⅝ | 10.81 | 9.30 |
| 103⅞ | 86⅛ | Treas 9pc 1992-96‡‡ | 100⅛ | –⅛ | 8.98 | 8.93 |
| 142⅞ | 120⅛ | Treas 15¼pc 1996‡‡ | 138⅛ | –⅛ | 11.04 | 9.29 |
| 130⅛ | 110 | Exch 13¼pc 1996‡‡ | 126 | –⅛ | 10.53 | 9.21 |
| 84⅛ | 74⅛ | Redemption 3pc 1986-96 | 83 | –¼ | 3.61 | 5.13 |
| 106⅝ | 106½ | Conversion 10pc 1996 | 106⅛ | –⅛ | 9.38 | 9.00 |
| 131⅛ | 110⅛ | Treas 13¼pc 1997‡‡ | 127 | –⅝ | 9.51 | 9.16 |
| 112⅞ | 94¼ | Exch 10½pc 1997 | 108⅞ | –½ | 10.43 | 9.22 |
| 101⅝ | 84⅛ | Treas 8¾pc 1997‡‡ | 98¼ | –½ | 9.64 | 9.17 |
| 143 | 120⅛ | Exch. 15pc 1997 | 135⅞ | –⅛ | 8.91 | 8.99 |
| 107⅞ | 89⅛ | Exch. 9¾pc 1998 | 104 | –½ | 10.82 | 9.41 |
| 88⅛ | 72⅛ | Treas 6¾pc 1995-98‡‡ | 85⅞ | –⅛ | 9.37 | 9.18 |

### Over Fifteen Years

### Undated

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مكرر من الاصل

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## MOTORS, AIRCRAFT TRADES

### Motors and Cycles

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### Far West Rand

[illegible]

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### Diamond and Platinum

[illegible]

### Central African

[illegible]

### Finance

[illegible]

### Australians

[illegible]

### Tins

[illegible]

### Miscellaneous

[illegible]

## NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. [illegible]

## REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

[illegible]

"Recent Issues" and "Rights" Page 16

# FINANCIAL TIMES

Saturday May 17 1986



# Brel expected to cut 4,000 jobs

BY ANDREW FISHER, TRANSPORT CORRESPONDENT

*BRITISH RAIL Engineering (Brel) is expected to announce up to 4,000 more redundancies next week, adding to the heavy total of job losses announced by UK industry in the past few days.*

The cuts will bring Brel's workforce down further to about 19,000 people compared with 35,000 six years ago. The latest reductions reflect the continuing decline in repair and overhaul work for British Rail as modern rolling stock is introduced.

Coming after news of heavy job losses at British Shipbuilders, shedding 3,500 workers by March, British Caledonian Airways, planning 1,000 job cuts and Kodak, reducing its UK labour force by 900, the Brel announcement will come as a further embarrassment for the Government.

Following the shipyard cuts, unions will decide next week whether to call a token one-day strike on Wednesday to stress the industry's plight. Swan Hunter, the privatised warship yard, said it will tell its 4,500 workers soon of the redundancies to occur as a result of dwindling naval work. It has said up to 2,000 jobs are at risk by the end of 1987.

This week's unemployment figures also showed a further rise, though small at 3,000, to 3.2m in adult unemployment, and the Employment Department said the trend was still upwards.

Brel, part of BR, would not comment yesterday on the plans it intended to spell out to the unions at a meeting on Tuesday. But it indicated earlier this year that job losses would result from its decision to split operations into new construction (for home and abroad) and repair work.

Many of the Brel job losses are likely to be borne by the repair works at Glasgow, Doncaster, Wolverton, near Milton Keynes, and Eastleigh, near Southampton.

Union representatives strongly criticised the expected job cuts. The Springburn works at Glasgow is likely to be substantially reduced from its present 1,300 workforce, though BR has denied that it will close.

Mr Keith Sneddon, national officer of Tass, one of Brel's white collar and craft unions, said the news was "a serious body blow to the workforce, especially when you consider that British Rail is seriously considering buying locomotives abroad."

As BR has reduced its maintenance needs and also turned to other UK companies such as Metro-Cammell, General Electric (GEC), and Leyland Vehicles for its new equipment, Brel has been pushing hard for export work.

Brel is currently set to win what could be a breakthrough order from Thailand for the Railbus, the low-cost energy saving commuter train which it builds with Leyland Bus, part of BL.

Although small in value, the £6.5m order would be the first UK export success for the two-car trains. Brel hopes for more south-east Asian business in Malaysia and Indonesia, and possibly from the US. BR has already bought 115 two-car units.

# Pym set to retire at next election

By Peter Riddell, Political Editor

MR FRANCIS PYM, the champion of traditional Toryism and former holder of many of the great offices of state, is to retire from the House of Commons at the next general election, primarily on grounds of age.

Announcing his decision last night at the annual meeting of his Cambridgeshire South East constituency association, Mr Pym, 64, said that since it was no longer acceptable to retire between elections and thus cause a by-election, a commitment to stand again would be likely to involve a further five years in the Commons. This was a commitment he did not feel able to give.

He reaffirmed his belief in the Tory tradition, expressing general support for the Government while warning of the need for more radical measures in many areas.

Apart from a year as Foreign Secretary, starting during the *Falklands War*, Mr Pym has served as Defence Secretary and Leader of the Commons under Mrs Thatcher and as Chief Whip and Northern Ireland Secretary in Mr Heath's 1970-74 administration.

His departure marks the virtual extinction of the Tory military and squirarchical tradition, following similar announcements by many of the remaining "knights of the shire," those with a rural background or long military service.

So far, 29 Tory MPs have announced their departure, including seven current or former Cabinet members (Sir Keith Joseph, Mr James Prior, Mr Geoffrey Rippon, Sir Humphrey Atkins, Mr Peter Thomas and Mr Norman St John-Stevas, as well as Mr Pym).

This number of retirements in the life of a Parliament is not of itself unusual, and the anouncements have been bunched with the annual meetings season. However, they do mark a significant change in the character of the Tory back benches, away from a non-ideological generation which provided the ballast for the parliamentary party during the big changes of the past 10 years, towards a more committed group of professional and business MPs with greater ambitions.

Mr Pym's decision is no surprise, since, after his abrupt dismissal as Foreign Secretary three years ago, he has appeared increasingly disillusioned with many aspects of Mrs Thatcher's style and the balance of government policy.

He has made occasional elegant interventions and rebelled a few times. Moreover, Conservative Centre Forward, the group of 30 traditional Tory MPs which he has chaired since its formation last year, has met regularly but made little noticeable impact.

Mr Pym, an MP since 1961, last night pledged his "deep conviction about the value and validity of the Tory tradition; broad in its view, national in its interest, tolerant in its outlook, constructive in its debate, resolute in its spirit and unifying in its aim.

## THE LEX COLUMN

# Talking of the turn

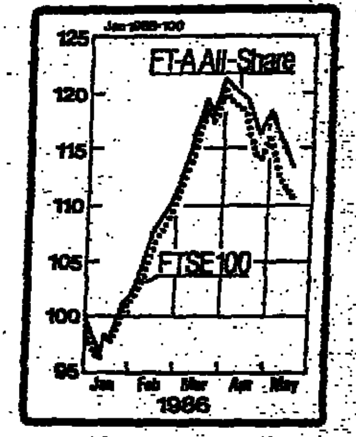
If a bear market is one which reacts to bad news and ignores good news, then the City may just about be talking itself into ending the 12-year bull market. While the revelation of inflation at an 18-year low and better than expected results from both the insurance and the oil sectors had little impact, poor output statistics were duly registered, and the £714m NatWest rights issue caused plain anguish. NatWest could argue that one of the functions of a strong equity market is to allow companies to make opportunistic cash calls, but this was one opportunistic rights issue that the fund managers had no stomach for.

The fear is, that on the assumption that the Bank is keeping an orderly queue, £1.8bn of rights issues in less than a month presages some very heavy pounding on institutional cash in the coming weeks. Suddenly the Government's stated aim of raising £14.25bn through asset sales over the next three years looks more imposing. In a games-playing mood, one could imagine the authorities crowding the rights issue queue this month precisely so that the subsiding market can persuade latecomers to pull their planned issues, making room for the summer privatisation stocks. That could soften realised prices for Ordnance and the others that are to follow, leading up to British Gas, but it could conceivably help to store up cash flow and ensure that they get away quietly.

The question of the net present value of the Government itself is now beginning to concern the equity market. If it were being entirely consistent—in its preoccupation with the weight of money—the market should look forward to the demise of the present government and the consequent removal of a dead weight of overhanging "difficult" equity issues. But political loyalties are not so mathematically calculated. Instead, the growing spectre of politcial uncertainty is feeding through into a rise in indexed linked gilts, just as conventional gilt-edged yields have started to creep upward again. It will not have taken any special thought in the Bank of England to come out with £300m of index linked taplets on a day when the retail inflation rate was reported at 3 per cent.

But the market weakness cannot simply be laid at the door of short term institutional cash flow problems. A drop in first quarter manufacturing output combined with wage rises up by over 8 per cent on an annual basis has caused the more nervous to recalculate those profit forecasts which supposedly validate the next leg of the bull market. If labour costs continue to outstrip industrial activity, then profits look vulnerable.

Index fell 13.1 to 1289.5




### Australian poker

Mr John Elliott, head of Elders IXL, amply demonstrated his ability to attack on two fronts yesterday. In London he criticised, in absentia, Allied-Lyons' offer for Hiram Walker's drinks business. Meanwhile on the other side of the planet, Mr Robert Holmes à Court, of Bell Resources, revealed that Mr Elliott had offered him A$400m of profit on Bell's stake in BHP. That fuelled rumours of an Elders' bid for BHP, at a suggested price of A$8.80. So far the assumption has been that Mr Elliott could not afford to buy both Allied and BHP. But now some believe that, with clever financial planning and free use of his shares, he could: both are under threat.

Elders' bid for Allied is still being investigated by the Monopolies Commission, whose report has been delayed by the legal wrangling. Though no longer a shareholder in Allied, and with its bid lapsed, Elders surely has the right as an interested party to comment on the Hiram Walker deal. Unless it is planning to bid again, why should Elders waste time that could be spent down under arguing the toss with Allied: Elders' remark that the Hiram Walker purchase was a defensive move that cost Allied shareholders a packet, might equally be applied to the Elders/BHP cross-shareholding effected last month. On the other hand, suggestions that the latter arrangement is a tie-up between two large companies which know each other well might also fit the former marriage.

In Australia, where Mr Elliott flew mid-week, Mr Holmes à Court's testimony to the National Companies and Securities Commission brought the three-handed poker game no nearer a conclusion. Neither Bell nor Elders is prepared to give up its stake in BHP, and a combination of Bell and Elders would probably control BHP without the formality of a bid. Of Mr Elliott's two potential targets, Allied and BHP, the latter could be first to lose its independence.

### Airlines

There is no difficulty in seeing why Sir Adam Thomson has, after all, been talking to Mr Harry Goodman about more than co-operation over hotel tariffs. British Caledonian has been in need of a new balance sheet for ages, and net debt has now reached three times shareholders' funds—which is going it a bit even in the post-Laker airline business.

Given that aviation spirit is about a quarter of any airline's costs, the medium-term outlook for the industry must be better than for many years. But short term, BCal has been hit hard by the latest American fad of not flying to Europe—or back for that matter. There is a further twist of the knife for BCal in that apart from its North American routes its traditional revenue standby is Nigeria, to which has recently been added—courtesy of Mr Ridley—the Riyadh shuttle.

Despite all the twitchiness about equity issuance, the one fear that few fund managers do not have is that of an airline flotation. But Bermuda, Washington, Tripoli and Chernobyl notwithstanding, the City teams who have been trying to find ways of selling British Airways for six years are now fixing their eyes on next Spring, when the knock-on effects of lower costs should have begun to dominate while current neuroses should have abated.

# Olivetti in French link-up

By Paul Betts in Paris

OLIVETTI, the Italian computer and office equipment group, is teaming up with Compagnie Financiere de Suez, a leading French financial institution, to offer advanced communications services in the French market which is soon to be deregulated.

The link-up includes Telesystemes, a French state-owned software services company, and follows the recent International Business Machines deal with the Paribas financial group and Sema-Metra, the French software company, to offer similar services mainly to large groups setting up telecommunications and data transmission networks.

Several other big US and European computer and telecommunications groups are poised to take advantage of the new French Conservative Government's plans to open up the country's telecommunications industry.

The Olivetti-Suez venture, which awaits French Government approval, was described yesterday by Telesystemes as a Europewide association to offer enhanced communications services. American Telephone and Telegraph's 25 per cent shareholding in Olivetti also appears to herald a broader battle between IBM and AT&T for the French market in these services.

Mr Gerard Longuet, the French Telecommunications Secretary, is expected to detail further the deregulation plans next week.

The Government plans to retain control of local and long-distance telephone services through the Direction Generale des Telecommunications, the state telecommunications authority, while opening to competition new value-added services such as videotex, advanced business communication networks, and voice, data and imaging services.

A new communications authority, to be called the Commission Nationale des Communications et Libertes, is planned, modelled on the US Federal Communications Commission. This independent body would become the official watchdog of the country's deregulated telecommunications and broadcasting industries.

The Suez deal marks the latest venture on the French market by Mr Carlo De Benedetti, Olivetti chairman, who is also seeking to expand his interests in the French food sector

De Benedetti Buys Davigel
Page 13

# Cadbury plans US drinks move

BY PAUL TAYLOR IN NEW YORK AND LISA WOOD IN LONDON

CADBURY SCHWEPPES, the British-based confectionery and soft drinks group, plans to buy the Canada Dry and Sunkist soft drinks businesses of RJR Nabisco, the US food and cigarettes concern.

The deal would give Cadbury Schweppes an estimated 5.3 per cent share of the $30bn a year (£19.6bn) US soft drinks market. It currently has about 0.7 per cent of the market with its "mixer" drinks, such as tonic water.

Cadbury Schweppes, which in the past year has disposed of several businesses to concentrate on its international confectionery and soft drinks activities, declined to elaborate on a brief statement it issued yesterday confirming that negotiations were being held. Terms of the deal were not disclosed.

RJR Nabisco was formed last year when R. J. Reynolds acquired Nabisco Brands for $4.9bn. R. J. Reynolds acquired Canada Dry from Dr Pepper, the US drinks company, for $175m in April 1984 and bought Sunkist for $57m from Cinema Corporation the same year.

Canada Dry, which is sold in 80 countries, claims the largest worldwide market share in the fast-growing ginger ale and mixer busines. Sunkist, a brand name licensed from a Californian citrus company, is the leading orange-flavoured soft drink in the US.

The deal would represent a further consolidation in the US soft drinks industry, which is dominated by Coca Cola, the world's largest soft drinks group, and its arch rival, Pepsico.

In addition, it could have an effect on the competitive UK soft drinks market where Canada Dry Rawlings, the Bass subsidiary which recently merged its operations with Britvic, the Allied-Lyons soft drinks business, is a franchisor for Canada Dry. In the UK, Cadbury could want to bottle the Canada Dry brand in its own plant.

Britvic Canada Dry Rawlings said the Canada Dry franchise contributed less than 20 per cent of its business. "We have no set time-limit on our franchise, so if there are any significant changes in circumstances they can be considered," the company said.

RJR Nabisco is thought to have put the soft drinks operation on the market for two reasons. First, because the combined group saw little prospect of competing in the highly competitive US market and becoming a big player with such a small market base. Second, RJR Nabisco is seeking to reduce the debt resulting from the its merger.

Earlier this month RJR Nabisco completed the sale of the Del Monte frozen foods busines to ConAgra for an undisclosed sum.

RJR Nabisco has declined to say whether its third soft drinks business, Hawaian Punch, is included in the negotiations with Cadbury Schweppes or if it is to be sold in a separate transaction. Hawaian Punch has about 0.3 per cent of the US soft drinks market.

Cadbury Schweppes has been stepping up its soft drinks marketing activities in the US where it has had difficulty with its confectionery business.

The deal would give Cadbury Schweppes 45 per cent of the US mixer market, an area largely left untouched by Coca Cola and Pepsico. It would also be a distant third player in the US market.

Mr Robert Brand, of Wood Mackenzie, Edinburgh-based stockbroker, said: "The acquisition does not look like a bad idea in principle but obviously we want to see the details of the deal before coming to a conclusion. There could be anti-trust problems in the US because of the 45 per cent market share of the mixer market."

# US chemical weapon go-ahead

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE US was given the go-ahead yesterday by its European allies to resume production of chemical weapons after a 17-year break.

The approval came yesterday, after a prolonged meeting of Nato's ambassadors, the Defence Planning Committee of the alliance, but it was less than total or enthusiastic.

It is understood that strong statements of opposition were made in the private sessions by several of Nato's 16 members, including Norway, the Netherlands and Denmark.

The US has not produced chemical weapons—principally nerve or mustard gases—since 1969, and now proposes to make "binary" weapons, which it is said are safer because they become lethal only when two individually non-toxic chemicals are combined.

Most European governments, under pressure from the military, support production of new weapons, though they fear the political storm that could result from any decision to deploy them in Europe.

It remained unclear last night whether the new agreement would actually lead to chemical weapons being produced.

The US, the only Nato country to hold chemical weapon stocks, has been forbidden by Congress to produce a new generation of weapons to modernise the stockpile unless it has the approval of its allies.

Nato defence ministers, who meet in Brussels next week, are expected to endorse the decision of their ambassadors, but the US Congress may decide that, given the opposition expressed by a minority of European members, there has not yet been full enough endorsement for production to begin.

Nato military commanders from Gen Bernard Rogers, the supreme allied commander Europe down, have long argued that Nato would be at a severe disadvantage in a war in view of the large and more modern chemical weapon stocks held by Warsaw Pact countries.

Nato's approval yesterday would apparently involve gradual withdrawal of all US chemical weapons now in Europe, in fact they are only in West Germany) as well as the stockpiling of new weapons only in the US, save in time of war or "transition to war."

Most governments had clearly hoped to minimise public debate on the issue, which, it seems, is why they chose one of Nato's more arcane planning processes to secure the approval decision.

Every Nato member periodically draws up military targets or force goals which it intends to pursue in the interests of the alliance.

Yesterday Mr Jaap de Hoop Scheffer, the Dutch ambassador, called the decision the wrong signal to the Soviet Union at the wrong time.

Other governments, including the US and Britain, said that it would put pressure on Moscow to negotiate a total ban on chemical weapons in the protracted UN-sponsored negotiations in Geneva.

Britain, which stopped chemical weapon production in the 1950s and neither stockpiles nor deploys them, is current chairman of the chemical weapons talks, now in their fifth year.

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

| RISES | | |
|---|---|---|
| Amstrad | 547 | + 15 |
| Berkeley Group | 450 | + 45 |
| Bestwood | 580 | + 30 |
| Clement (Clarke) | 175 | + 17 |
| Cosalt | 98 | + 12 |
| Dowty | 196 | + 15 |
| Equity & Law | 265 | + 20 |
| Lanca | 40 | + 5 |
| Myson | 110 | + 4 |
| Sekers Intl | 119 | + 7 |
| Woolworth | 805 | + 30 |
| York Mount | 65 | + 5 |
| **FALLS** | | |
| Treas 11¾pc '03-07 | £121⅜ | − ⅜ |
| Blue Circle | 660 | − 18 |
| Boosey & Hawkes | 200 | − 20 |
| Brit & Commonwlth | 297 | − 19 |
| Cadbury Schweppes | 162 | − 5 |
| ICI | 882 | − 13 |
| McCarthy & Stone | 260 | − 35 |
| NatWest Bank | 740 | − 10 |
| Willis Faber | 437 | − 25 |

## WORLDWIDE WEATHER

UK today: Rain, heavy at times, followed by drier, clearer weather from the west. Outlook: Sunny intervals, showers.

| | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F | | | Y'day midday °C | °F |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Ajaccio | F | 21 | 70 | Corfu | | — | — | Luxmbg. | S | 15 | 59 | Peking | S | 26 | 79 |
| Algiers | | — | — | Dallas† | C | 22 | 72 | Madeira | S | 20 | 68 | Perth | F | 18 | 64 |
| Amsdm. | S | 13 | 55 | Dublin | F | 12 | 54 | Madrid | F | 23 | 73 | Prague | F | 17 | 63 |
| Athens | | — | — | Dbrvnk. | S | 22 | 72 | Majorca | S | 25 | 77 | Reykjvk. | F | 6 | 43 |
| Bahrain | S | 32 | 90 | Ednbgh. | F | 12 | 54 | Malaga | S | 22 | 72 | Rhodes | S | 21 | 70 |
| Barclna. | F | 21 | 70 | Faro | S | 22 | 72 | Malta | S | 24 | 75 | Rio J'o | | — | — |
| Beirut | | — | — | Florence | F | 24 | 75 | M'chstr. | F | 13 | 55 | Rome | F | 22 | 72 |
| Belfast | F | 12 | 54 | Frankft. | S | 17 | 63 | Melbne. | R | 16 | 61 | Salzbrg. | F | 19 | 66 |
| Belgrd. | S | 26 | 79 | Geneva | F | 17 | 63 | Mx. C. | | — | — | S F'cisct | F | 9 | 48 |
| Berlin | S | 16 | 61 | Gibraltar | S | 23 | 73 | Miami† | S | 24 | 75 | Singapr. | T | 28 | 79 |
| Biarritz | F | 20 | 68 | Glasgow | C | 12 | 54 | Milan | F | 22 | 72 | S'tiago | | — | — |
| Bmghm. | F | 13 | 55 | G'msey | S | 13 | 55 | Montrl.† | R | 14 | 57 | Stckhm. | F | 12 | 54 |
| Blackpl. | S | 13 | 55 | Helsinki | C | 12 | 54 | Moscow | C | 23 | 73 | Strasbg. | R | 14 | 57 |
| Bombay | F | 32 | 90 | H. Kong | | — | — | Munich | F | 17 | 63 | Sydney | C | 18 | 64 |
| Bordx. | C | 16 | 61 | Innsbrk. | S | 19 | 66 | Nairobi | F | 24 | 75 | Tangier | S | 21 | 70 |
| Boulgn. | | — | — | Invrnss. | F | 12 | 54 | Naples | S | 25 | 77 | Tel Aviv | | — | — |
| Bristol | F | 15 | 59 | I.o.Man | S | 11 | 52 | Nassau | | — | — | Tenerife | S | 20 | 68 |
| Brussels | S | 16 | 61 | Istanbul | S | 21 | 70 | Nwcstl. | F | 13 | 55 | Tokyo | F | 22 | 72 |
| Budpst. | T | 22 | 72 | Jersey | S | 16 | 61 | N Delhi | | — | — | T'ronto† | R | 14 | 57 |
| Cairo | | — | — | Jo'burg | S | 21 | 70 | N York† | C | 15 | 59 | Tunis | S | 32 | 90 |
| Cardiff | S | 13 | 55 | L. Pims. | S | 19 | 66 | Nice | S | 20 | 68 | Valencia | S | 24 | 75 |
| Cape T. | S | 18 | 64 | Lisbon | F | 21 | 70 | Nicosia | | — | — | Venice | F | 23 | 73 |
| Chicago† | C | 17 | 63 | Locarno | C | 18 | 64 | Oporto | F | 19 | 66 | Vienna | R | 15 | 59 |
| Cologne | S | 16 | 61 | London | F | 16 | 61 | Oslo | R | 7 | 45 | Warsaw | S | 17 | 63 |
| Cpnhgn. | C | 13 | 55 | L. Ang.† | C | 15 | 59 | Paris | F | 15 | 59 | Zurich | C | 16 | 61 |

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder. † Noon GMT temperatures.

Continued from Page 1

# Galtieri jailed

**offices of the ruling Radical Party of President Raul Alfonsin, who spearheaded the prosecution of the military leaders. One person was injured, but Government officials attributed the attacks to Government workers who had been dismissed from their jobs and not to the trial.**

Nine other officers have cases pending against them. A government spokesman said yesterday that only two or three were likely to be sentenced.

The three military chiefs are expected to appeal against the decision and judgment will pass to a civilian court. They have already spent 30 months in prison, which may be deducted from their sentences on appeal.

The three leaders were earlier tried for human rights violations, over the desaparacidos, but were absolved by a civilian court last December. A debate continues over whether several hundred other military officers should be charged with human rights violations.

# Benefit

Continued from Page 1

that it would provoke a backbench revolt.

Under the DHSS plan, unemployed home-owners under the age of 60 would, from autumn this year, receive benefit to cover half, (rather than the whole) of the mortgage interest due on their home loan repayments. After six months unemployment, full benefit would be restored.

Mr Tony Newton, the Minister for Social Security, said the proposed change aimed to strike "a fair and reasonable balance between the borrower, the lender and the taxpayer." The existing arrangements, he claimed, were unfair to working home-owners on low incomes, who received no help.

The proposals, which would save £30m a year, has been referred for consultation to the Social Security Advisory Committee, where it could be amended, or dropped, if the political row it started gets worse.

Nick Bunker writes: The Building Societies Association said that the planned move would have "a big effect" in increasing mortgage arrears.

Continued from Page 1

# Inflation

Mr John Moore, Financial Secretary to the Treasury, said that the TPI figure showed that taxpayers needed a pay rise of only 1½ per cent to compensate them for price increases over the past year.

"It puts yesterday's earnings figures in a sad light," he said last night. "Pay is rising not by 1½ per cent but by about 7½ per cent. And that, I'm afraid, is the single worst threat to our job prospects."

In the financial markets the welcome given to the lower inflation rate was muted by awareness of the rapid rise in earnings.

With the rate of increase in wages and salaries per unit of output rising to 8.9 per cent in March, economists were cautious about the future prospects for inflation, once the benefits of lower oil prices and mortgage rate cuts had worn off.

Following Wall Street's overnight fall, the London stock market recorded another fall yesterday in a week which had already seen confidence shaken by National Westminster Bank's record rights issue.

The FT Ordinary share index ended the day 13.1 lower, at 1,289.5, to show a net loss of 40.8 over the week. The broader FT-SE 100 share index lost 10.8 yesterday to end at 1,564.9.

Government gilt-edged bonds also fell by about ¾ yesterday to show losses of up to 1½ points on the week, although index-linked gilts rose.

The Bank of England announced the issue yesterday of another £300m in further tranches of three existing index-linked stocks.

[redacted]

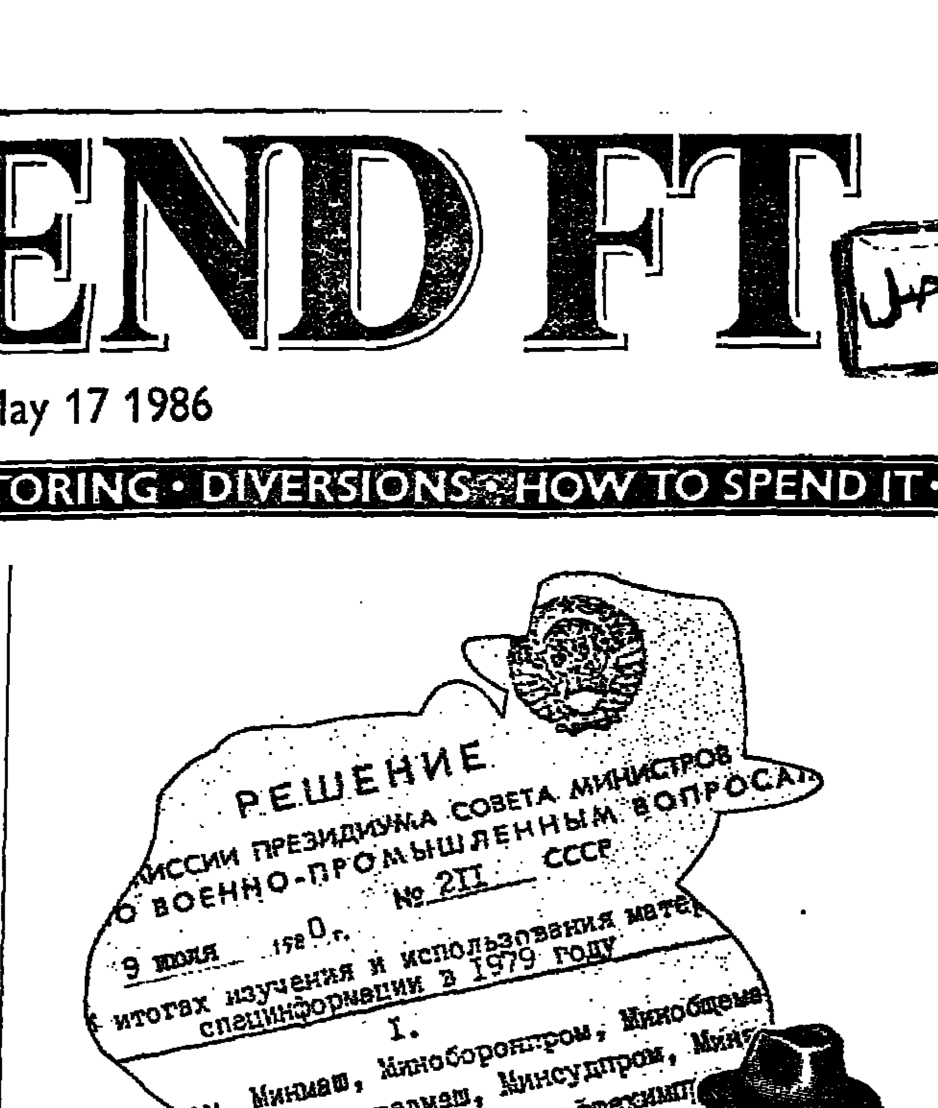

# WEEKEND FT

Saturday May 17 1986

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •


Top-secret documents have shown how far the Eastern bloc will go to overcome the West's clamp on exporting high technology. **David Buchan** explores a murky underworld

# The spies who steal computers



*Kevin Grey*

MICHAEL LUDLUM flies the Bulgarian flag. The green, white and red emblem is not a common or very recognisable sight in Derbyshire; however, it is his form of protest at having been detained for 189 days and nights at Her Majesty's displeasure for exporting computers *to Bulgaria without a licence*. Certainly, Ludlum does not regard himself as a "techno-bandit" — one of the multiplying breed of Western operators ready to take the risk of smuggling embargoed equipment to Soviet-bloc countries willing to pay over the odds for high technology that can be *put to* military use.

*The machines Ludlum* sold were two PDP 1144s, one VAX 11/750 and three VAX 11/780s, variations by Systime of the UK of Digital Equipment Corporation (DEC) computers. DEC equipment is just about the Soviet bloc's favourite; it is capable, reliable, and priced reasonably, *particularly on* the Western second-hand market. But much DEC equipment, especially the VAXes, is banned from sale to Warsaw Pact countries; Western governments claim it can be used for designing, making and operating weapons.

The "end use" certificate accompanying Ludlum's computer shipment stated *Switzerland* as the *ultimate destination*. "Yes, I knew the computers were going *on to Bulgaria* — but that was the business of my Swiss partner in the deal. Yes, I knew that I wouldn't get a licence to ship the computers direct to Bulgaria," he says.

However, Ludlum argues, with a cheery disdain (shared by many) for the perceived illogicality of embargo rules: "They were seven-year-old technology and *totally unsuitable for* military purposes, having been engineered by Systime for currency changing and hotel reservations. And that is precisely what they are being used for now at Varna resorts on the Black Sea." Such mitigating arguments got Ludlum's *two-year* sentence halved in the appeal court (and then halved again on parole), but no reduction in his £34,000 fine.

Yet, in 1983—the same year UK Customs officers first strode into Ludlum's Derbyshire office—a completely unrelated development in Paris showed the quite extraordinary lengths to which the Soviet Union and its allies will go to acquire Western technology.

On April 5 of that year, the Soviet *chargé d'affaires* in Paris was summoned to the Quai d'Orsay, the French Foreign Ministry. He was shown the cover of certain documents, at which he was said to have gone as white as a *sheet. Then, he was told to remove* 47 of his diplomats and officials from France forthwith. During 1983, some 94 *Soviet officials were expelled from other* capitals.

**"WE REPEAT to Your Majesty that the Tsar in Moscow, an enemy of all liberty, increases day by day his forces by the profit made by commerce and relations with the civilised nations of Europe. No doubt Your Majesty does not ignore how powerful, cruel and tyrannical a ruler he is. Our only hope rests on our superiority in arts and science. But soon he shall know as much as we do . . . and in his insane pride, he will rush against Christianity."—Sigismond, King of Poland to Elizabeth I of England, 1565.**

We now know why the Soviet chargé went so pale. He had glimpsed the "Farewell" *documents—secret internal* reports on the whole gamut of Soviet technical epsionage efforts, passed by a senior KGB official in Directorate T (Technology) to French counter-intelligence between spring 1981 and autumn 1982. French contact with the *double agent, based in Moscow and* rather prophetically code-named "Farewell," ended late in 1982—about the time the former KGB chief, Yuri Andropov, took over in the Kremlin.

Within a few months the French assumed their source was lost for good, probably arrested and perhaps executed. So, they decided to make overt use of the Farewell dossier—hence the *confrontation at the Quai d'Orsay*.

The Farewell documents are unique. They provided the West with a "window" on the organisation and extent in 1978-80 of Soviet technical espionage (of which more later) never before, or since, available. It was also, operationally, an extraordinary case. Why would have French counter-intelligence, la Direction de la Surveillance du Territoire (DST), "run" an agent out of its territory, in Moscow? *But it did, according to the DST's peer* agencies (which, while admitting only partial knowledge of the actual operation, point out that the DST is about the best in the business and about the most capable of handling so tricky a case).

The most direct political impact of *the Farewell dossier was on the government* into whose lap the prized documents fell. Under Giscard d'Estaing, France was considered one of the most lax members of the 16-nation (Nato plus Japan) Co-ordinating Committee (CoCom) that vets the sale of Western technology to communist countries. It had a reputation for sloppy export controls of its own, while it sometimes simply bypassed CoCom machinery if it wanted an important hi-tech contract in the East.

Suddenly, this changed. French export *controls were tightened. In 1981, for the* first time, the French Defence Ministry was given a regular say in key export licensing decisions. Now, in 1986, France is a key European supporter of the con*troversial US-inspired creation* of a sort of military arm to CoCom—the Security and Technology Experts Meetings (STEM) group, designed to give a military appraisal of hi-tech sales to the East. Part of this sea-change in French policy lay in President Mitterrand having *more Atlanticist views than his predeces*sor, and his desire that inclusion of Communist ministers in his government should not be read as softness on the East. The major catalyst, though, was the Farewell file, large chunks of which were passed by Paris to its allies.

*CoCom representatives, meeting* at their discreet, unmarked venue in a US embassy annexe on the rue de la Boetie in Paris agreed by late 1984 to update the embargo list of technology that cannot be sold to the East without special approval. While relaxing controls *at the lower end (home computers)*, they slapped new restrictions on sophisticated computer hardware (like the VAX 780s Ludlum was selling), electronic-grade silicon, robotics and telecommunications. For the first time, they also sought to control the flow of some *computer software. During 1985, CoCom* members wrote into their national legislation the new rules with which East bloc industrial spies and their Western accomplices must now contend.

Not surprisingly, the tighter Western controls have, if anything, probably increased Eastern efforts to get the goods illegally, although it is hard to be categoric about this. No second Farewell has emerged to tell us. Oleg Gordievsky, whose defection in Britain late last *summer led to the expulsion* of 25 Soviet citizens, was not such a man. He was the fairly new KGB resident in London with general oversight of operations, not a Directorate T specialist. And the fact that, before those expulsions, Mrs Thatcher had ordered out Russians in *smaller numbers on eight different* occasions, does not by itself prove an increase in industrial espionage. Perhaps the British security services have simply got better at spotting underhand Soviet attempts to gain information or technology, and her Government tougher in taking action.

However, the Farewell documents show that even before the latest turn of the CoCom embargo *screw, Moscow was* taking devious counter-measures. Publicly, too, Mikhail Gorbachev has tried to ginger-up East bloc technological innovation through his reforms at home and the *December 1985* agreement by Comecon countries to intensify and pool their hi-tech research. The Soviet appetite for Western technology has also grown with President Reagan's Star Wars initiative. This challenges the Soviet Union in precisely those areas, *like electronics and high-speed computing*, where Moscow lags most behind. With *this in mind, Britain and West* Germany—which are to take part in Star Wars research — have been told by Washington that they must, above all else, keep US technical secrets safe.

As the tug-of-war over Western hi-tech intensifies, it is also shifting ground. The new focus is on European neutrals such as Sweden, Switzerland and Austria; *countries with slightly closer links to the* Soviet Union like Finland and Yugoslavia; big Soviet trading partners like India; and the fast industrialising countries of the Far East. CoCom, led by the US with its considerable political and commercial clout, is trying to secure these countries' co-operation to stop *embargoed* goods being diverted illegally through their territory. But there is a broad area that knows no geographical bounds, where Western greed meets Eastern need. The old law of supply and demand *ensures* that the more the embargo tightens, the greater reward there is in undermining it. Provided the price is right — and Western Customs investigators say there is generally a minimum 100 per cent mark-up—there are always some Western "techno-bandits" ready to take a *risk. One East* bloc official told me recently: "The only things which cannot be bought from the West are those which are not for sale, like Pershing missiles." He added: "We have been *fairly* successful in getting round the embargo."

The techno-bandits' game is diversion —through dummy companies, false end-use certificates and multiple destinations. No sooner is one channel blocked—Sweden and Switzerland have tightened controls—than a leak springs elsewhere. Cyprus, where *Aeroflot happens to* have a large facility at Larnaca airport, is a hot spot; it was, for instance, the destination of one Midas Jacobides when he was arrested at Heathrow earlier this year with printed circuit boards worth £8,000 in his luggage. *Last month* he was fined £5,000.

Some Western governments have tried to crack down on techno-smuggling. Under Operation Exodus set up in 1981, the US Customs Service claims to have *made 4,300 seizures of goods worth some* $300m as well as 673 arrests, leading to 352 convictions. In the UK, which now has an eight-man team pursuing CoCom rule violations, 191 people were investigated in 1984-85 alone for alleged Customs violations. Three were sent to *prison and fines and court costs totalling* £78,000 were levied. Yet, some controls cannot be policed, like the new curbs on certain software. The average Customs officer does not have the time, *equipment or skill to "read" a floppy* disc and check if it contains forbidden software. Blueprints can be popped in a briefcase. And what travellers might carry in their heads is unknowable.

In any case, there is a widespread belief—which lies behind Ludlum's damn-the-politics-and-sell-the-goods attitude—that the CoCom list is cock-eyed and that the US *abuses its extra-territorial controls to shackle its commercial competitors*. Certainly, Washington has a heavy-handed way of restraining those who buy American goods or know-how from transferring them without its express say-so. Yet, justifiable though *many such complaints are*, they shrink besides the breadth and depth of Warsaw Pact efforts (as revealed by Farewell) to get its hands on Western know-how.

First, the breadth. At the apex of the Soviet gathering of *spetsinformatsiya* is *the Military Industrial Commission* (VPK by its Russian initials). Previously, we knew the VPK as the purely domestic co-ordinator of weapons production. Farewell revealed its crucial second role in supervising collection of foreign technical intelligence and incorporating *that into military research and development*.

It works like this. Represented on the VPK are the nine defence-industry ministries plus those of chemicals, petrochemicals and electrical equipment. The VPK member-ministries set "collection" tasks—in plans running on two and five year cycles, just like the *civil Soviet economy—for* acquisition agencies to carry out. These are the KGB, the GRU (military intelligence), the State Committee for Science and Technology (GKNT), the USSR Academy of Sciences, the Ministry for Foreign Trade, and the State Committee for External Economic Relations (GKES) which deals mainly with the Third World.

The three latter agencies have largely *open and legal functions, and only small spetsinformatsiya* teams within them. Finance (mostly from the import funds of individual VPK member-ministries) is allotted to each "task." Advance plans and targets for technical acquisition are set out, as in the Soviet civil economy. *Once the "harvest" comes in from the* West, the VPK or its technical centre *advertise* the "fruits" to users, such as ministries and factories, via internal newsletters.

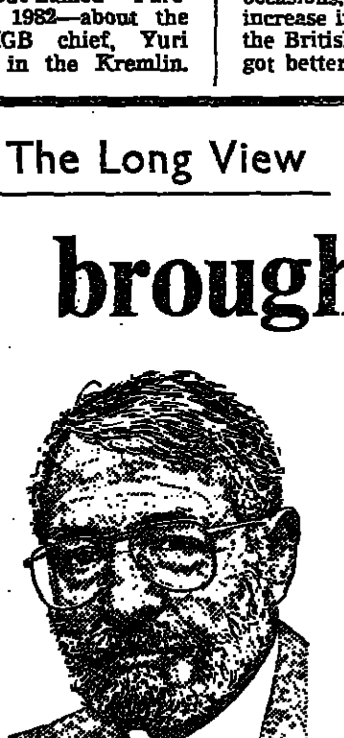
The results are considerable in gross *terms, according to the top-secret VPK* reports for 1979 and 1980. In 1979 317.5m roubles were saved, 164 military RandD projects were started, and 1,262 projects accelerated or shortened as the result of 5,824 samples and 88,516 documents obtained. In 1980, the 4,502

**Continued Page XIII**

The Long View

# Thatcherism is brought to judgment

**Britain's voters have just passed a verdict on the economic record of the Government —but was the outcome fair or otherwise? Anthony Harris comes to his own conclusion.**



THE production schedules of this newspaper are such that I could not share with you the *feelings of red-eyed elation felt* by so many of us on Friday last week. The electors of this country had taken their opportunity to pass judgment on Thatcherism, and found it guilty.

Since then, we have enjoyed the unusual experience of *hearing* a number of ministers, and a larger number of anonymous "senior Conservatives" (which is lobbyese for ministers), talking sense; but only *the naive* will conclude that policy is about to be reversed. The good news remains that proclaimed by Abraham Lincoln: you cannot fool all the people *all* the time.

Since, some readers of this column, to *judge from their* letters, are still resolutely *fooled, not everyone* will enjoy what follows and some will certainly not be persuaded. They will perhaps agree with those Conservative spokesmen who have argued that the trouble is basically one of marketing—that *the* Government has failed to tell the story of its *achievements*.

It is as well to record the official facts; starting with one published this week: the recovery that voters should have been celebrating actually stopped a year ago, and the total performance of our productive *economy* has been terrible for the whole period of Conservative government. This is shown in the index of output of the production industries (the whole non-service *economy*). This has now been at a standstill for four successive *quarters*: net out the effects of the coal strike, *and it has* actually been falling a little.

The longer term picture is almost as bad. Production as a whole, including oil, in the first three months of this year was just 1.5 per cent higher than the average for *1979*. *This gives* an average growth rate over the whole long business cycle of just one quarter of 1 per cent annually. The figures that purport to show we have done better than Europe are due only *marginally to the growth of the* service economy, which is a general trend in all developed countries; mainly, it reflects the fact that we had a worse slump than anyone else—and, indeed, a worse slump that we ourselves suffered in 1930—*in 1980*.

Even these achievements have little to do with management. Growth, such as it was, *came out of the North Sea*; energy output alone rose enough to increase production by 5 per cent over the period. All other production has, in *fact, fallen*.

The broader perspective, including services, cannot be presented in such up-to-date terms because the figures take a long time to compile; but they show that, even including services, the record is less than inspiring. Over the 1979-85 period GNP grew in real terms by 7½ per cent—two-thirds of this is due to the North Sea. This is an annual average of *1.25 per cent and is hardly* any better than we achieved without oil in all the turbulence and inflation of the 1973-79 cycle.

Over the previous 1964-1973 *period (from the Maudling to the Barber booms)*, real national output grew by 30 per cent over nine years; and over the previous 1957-64 cycle, we achieved 24 per cent real growth in seven years. So, the average domestic growth rate between cyclical peaks has come down from a little over 3 per cent annually in the days of Keynesian "failure," to a little under 3 per cent in the Wilson-Heath era, 1 per cent in the first post-Opec cycle, and barely better under *Thatcher*.

We are still not quite finished with these statistics. I *am sorry* to say, for there is still one puzzle to solve: the rise in living standards which we have enjoyed, though very unequally, *since 1979. This is measured*, for the economy as a whole, by a seldom-mentioned series called "net national disposable income." In real terms, this measures not what we produce, which has been our theme until *now, but what we could potentially consume*. In other words, it brings in the terms of trade —the real barter value of our exports.

This measure improves the Thatcher record, though only a little: the improvement from 1979 to 1985 goes up to 8.5 per cent, nearly 1.5 per cent a year. But the previous 1973-79 period *comes out worse, at only* 5.25 per cent over six years, *so it looks as if recent performance*, though still very weak, is half again as good as the previous regime. This reflects the facts that we suffered as an importer from the first Opec shock, but not *the second*.

Of course, the whole world *economy has been under-performing* in recent years; again, though, the British performance *looks pretty British unless* you measure from the 1980 slump. Roughly speaking, we have more or less held our place in the European league, thanks *to oil: but Europe itself has* been the laggard. The verdict of the voters was not undeserved. Thatcherism has had a fair trial, and it has failed.

This verdict was cheering in one sense only; there is nothing more maddening to the detached analyst than to hear *endless claims that are in plain* contradiction to the known facts. If ordinary people can see through these claims, not because they study the numbers but because they have a *sound* sense of what really is happening, then analysis is not, after all, a waste of time.

In other respects, though, this is a tragic story, because a number of the things that Mrs Thatcher has achieved are necessary and important. By far *the most important is the* reform of labour relations. This might not yet have delivered wage moderation (the testing time will come when the profits recovery levels out, which could be in the very near future). It has, however, opened the door to technical progress. We have been dragged, without too much kicking and screaming, into the 1980s.

The real potential tragedy is that this real progress in exposure to market realities will be put at *risk if we have* to make a violent political change in order to change the mistaken strategies of economic management which we have also suffered. Rebel ministers, and rebel Tory economists like Professor Robin Marris, might just persuade the lady to change course, but it is an outside chance.

*For the alternatives, you must* wait another week.

## •CONTENTS•

# Week of falling prices sets nerves on edge

AS BRITANNIA Arrow launched a £39.4m rights issue on Monday and Burmah Oil called for £86m on Tuesday a serious crack in the equity market looked only one large cash call away.

The cash call and the crack came the very next day as National Westminster Bank stepped forward holding its hand out for £714m — by far the biggest rights issue to be landed on the City.

In the last three days prices have slipped by something approaching 3 per cent and the All-Share Index is now 7 per cent off the top. That in itself is no reason to panic but prices have become increasingly issue-sensitive — and with good reason.

In the last six weeks investors have been asked to stump up £4.2m for equity investment and there are clearly a lot more privatisations and other new issues coming along. But nerves are already fraying: some issues are being pulled out of the queue.

Nevertheless unless another large rights issue emerges over the next couple of weeks it is difficult to see the market slipping by much more than a couple of percentage points. Already some dealers are saying that the fall has been a natural correction and it is time to start picking up stock again. They may have a point but the market is not going to turn on a sixpence and rush back to its earlier peak and there is no urgency to scan the screens for "buys" yet.

In fact a NatWest rights issue is not wholly unexpected. The bank led the pack of clearers in the last round of fund raising with a £226m rights issue in the summer of 1984. But after Barclays had raised more than twice that sum nine months later there was a growing suspicion that NatWest had underplayed its hand first time round and would have to come back for a second bite. That suspicion became almost a conviction in some quarters as the bank's capital ratios slipped behind its fellow clearers.

Something along the lines of another £250m issue would have been rubber stamped by the market with barely a murmur but in demanding over £700m NatWest has given the market as a whole a nasty jolt and the banking sector in particular a right thumping. Institutions, well aware of the pending TSB flotation, and already watching their sector weightings, now have to cope with this.

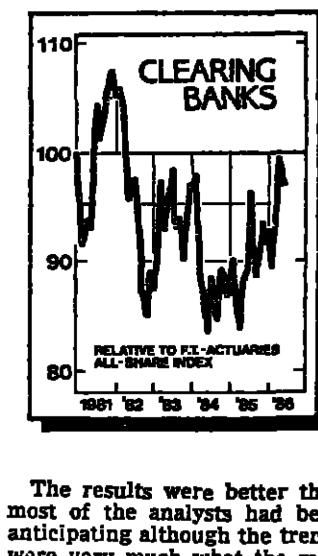
Little surprise then that the banking sector lost almost 6 per cent of its market capitalisation on Wednesday. The price cutting was indiscriminate, however, and some of the prices, such as Bank of Scotland, actually look on the cheap side at the moment.

Anyway the issue might have been made more digestable if the market had any idea how the bank was planning to spend its new-found wealth. One immediate, and quite natural, thought was that NatWest was about to step in with a rival offer for Standard Chartered but that seems most unlikely. But for sure over the next few weeks every conceivable target will be rumoured at some point or another although NatWest is probably concentrating its search on the other side of the Atlantic if it is indeed in a buying mood.

## London

Of course the issue might simply be a way of adding a few pounds of muscle as it limbers up to be one of the big international players — but somehow that thought is not quite convincing and for choice this looks like an issue in preparation for a major purchase.

Elsewhere in the financial sector it has been the turn of three composite insurance groups to bring out their first quarter figures — and cheerful reading they made with all three showing profits against losses in the comparable period. General Accident turned in £5.1m, Commercial Union £12.4m and Royal £29.4m.




The results were better than most of the analysts had been anticipating although the trends were very much what the market was looking for. Rates have been rising around the world, underwriting losses are diminishing and the insurers have been able to make hay on their stock market investments like everybody else.

Perhaps there were a couple of mild surprises in the pace of recovery in Canada and similarly in the UK which is going ahead a little faster than expected with rate rises accelerating across both commercial and personal lines of business.

In the wake of these numbers forecasts for the full year have been gently upgraded with both CU and GA on course to make £100m to £110m for the full 12 months. Royal, the biggest of the sector, could turn in close to £220m pre-tax although there is a caveat. Insurers take a closer look at reserves at the end of the year than they do in the first quarter and someone like Royal, with a strong recovery, may be tempted to water down the pre-tax line by reserve deductions.

As for share prices the sector is likely to remain dull relative to the market for a month or so, although by the interim stage — when attention will be focused on the solid recovery in each of the three main territories — price performance could be at its best.

Both BP and Shell picked Thursday to release their first quarter results. Obviously the collapse of the oil price has taken its toll on historic profits. BP was down to £22m after tax, but on a replacement cost basis, which excludes the damage of stock losses, both companies actually turned in some quite surprising increases. At the net income level, Shell improved by 41 per cent to £1.3bn and BP shot forward from £402m to £740m.

One important prop to profits for both has been the downstream operations where the cheaper price of oil has not been passed on to motorists in lower petrol prices. What will be interesting to see this year is whether history repeats itself in the way the oil giants indulge in margin-eroding price cuts every time profits from downstream look anything like healthy.

Presumably with exploration and production operations having to live with an oil price $10 lower than it was only a few months ago and little prospect of it recovering to beyond $20 a barrel in the foreseeable future, there is every incentive to ignore price cutting at the pumps by small independents.

Unlike Opec, which chose to forsake price to hold volume, Shell and BP may prefer to hold the line on price. If not then they could compete away their main profit sources this year.

**Terry Garrett**

## HIGHLIGHTS OF THE WEEK

| | Price y'day | Change on week | 1986 High | 1986 Low | |
|---|---|---|---|---|---|
| FT Ordinary Share Index | 1,289.5 | −40.8 | 1,425.9 | 1,094.3 | NatWest. cash call/poor economic data |
| Amstrad | 547 | +54 | 554 | 182 | Investment demand |
| Bank of Ireland | 445 | −70 | 520 | 358 | Disappointing annual results |
| Beatson Clark | 230 | +30 | 240 | 137 | Takeover hopes |
| Bevan (D. F.) | 47 | + 8 | 50 | 26 | Agreed bid from Wheway |
| Dewey Warren | 113 | +15 | 185 | 70 | Harvard Secs. increases stake to 9% |
| Electronic Machine | 80 | +14 | 84 | 46 | Bid speculation |
| Gee (Cecil) | 120xd | +21 | 145 | 99 | Broker's bullish circular |
| Hampton Areas | 138 | +10 | 143 | 93 | Hopes of counter to Metals Ex. bid |
| Henderson Group | 223 | +23 | 258 | 195 | Results and confident statement |
| NatWest. Bank | 740 | −120 | 935 | 673 | Record £714m cash call |
| Pritchard Services | 118 | +39 | 119 | 59 | Bid from Hawley Group |
| Sound Diffusion | 39½ | + 7½ | 51 | 31½ | Bid speculation |
| Staffordshire Potteries | 125 | −12 | 155 | 71 | Coloroll bid lapses |
| Sunbeam Wolsey | 113 | +29 | 125 | 60 | Bid approach from John Crowther |
| Syltone | 170 | −40 | 217 | 160 | Profits warning |
| Tozer Kemsley | 169 | −31 | 228 | 61 | Persistent profit-taking |
| Warehouse Group | £14¼ | + 5 | £14½ | 490 | Bid approach |
| Whitworth's Food | 43 | †−20 | 97 | 42 | Agreed bid of 45p fm. Booker McConnell |

† Fall since dealings resumed.

# A nasty slap in the face

THE Unlisted Securities Market suffered a nasty slap in the face this week when the Government announced that personal equity plans (PEPs), introduced in the Budget and due to come into operation next January, would apply only to main market stocks.

The Stock Exchange, affronted by the slur on its younger protégé's dignity, was stung into an uncharacteristically forceful attack. It described the Government's proposal as ludicrous, unfair and wrong, and committed itself to pressing for a reversal before the plans are finalised in the autumn.

When PEPs were first outlined, they were designed specifically to include USM stocks as well as main market ones. However, the Inland Revenue's more detailed proposals — published on Monday and described on Page VII of this edition — reveal that an about-turn has taken place in Treasury thinking.

The Government has decided that because PEPs are aimed at encouraging share ownership by small, first-time investors who may know little about the equity markets, it would be wrong to expose them to the higher risks inherent in the USM.

The main market, however, is rife with smaller companies which would look equally at home on the USM, just as the USM is rife with companies which could (and do) transfer to the main market. Neither market confers any particular risk rating on its constituent companies: and only seven of the 452 companies floated on the USM have failed.

While it may be true to say that the main market as a whole is safer than the USM because it is dominated by a number of blue chip companies, the latest PEP proposals fly in the face of this argument by permitting holdings in investment and unit trusts specialising in the USM.

If there is an argument for keeping small investors out of small companies, it is that liquidity in these stocks can be so tight as to make them untradeable. But this, again, applies to small companies on both markets, not just the USM.

The Stock Exchange is particularly incensed by the way in which the USM is being left out in the cold by investment incentives. The Business Expansion Scheme specifically excludes USM stocks because they are too much like main market ones: now, PEPs are going to exclude them because they are not alike enough.

## USM

UNLISTED SECURITIES MARKET

In practical terms the proposal might seem unimportant, since the amounts of investment at stake are small. The remifications in terms of market sentiment, however, could go further.

If the implications for the USM of the new PEP proposals attracted limited attention during the week, the same could not be said of Mrs Fields. This US-based hot cookie vendor issued the prospectus for an offer for sale which will make it twice the size of Asprey, the next biggest company on the market.

Consumer product companies tend to have a special appeal for the small investor because of their higher public profile. After all the ballyhoo leading up to Mrs Fields' flotation, then, it might as well to inject a note of caution.

First, the driving force behind the company is very much the husband-and-wife team of Randy and Debbi Fields, and it is hard to imagine it sustaining its momentum if either were to disappear. Second, the hot take-away cookie is at too early a stage of its international development to say if it really is going to take off outside the US in the same way that hamburgers have. Third, in the US itself there has already been a damaging war among makers of pre-packed cookies and one could yet lie ahead in the newer fresh-baked cookie market.

On pricing, Mrs Fields certainly does not come cheap. On pro forma forecasts earnings under UK accounting principles, the prospective price/earnings ratio of 18.7 might not look too demanding. On actual forecast earnings and US accounting principles, however, it would look considerably higher; and with the tax charge rising from 6 to 30 per cent over the next two years, the company is going to have to run fast just to stand still at the bottom line.

That said, Mrs Fields does expect to run very fast, with ample scope for further expansion in the US and some interesting new products and ventures on line. For the adventurous investor, Mrs Fields is likely to provide an eventful ride: however, the risk element is unlikely to add weight to the Stock Exchange's arguments for inclusion of USM stocks in PEPs, and widows and orphans will be keeping their hands in their pockets.

**Richard Tomkins**

## COMPANY NEWS SUMMARY

### TAKE-OVER BIDS AND DEALS

| Company bid for | Value of bid per share** | Market price** | Price before bid | Value of bid £m's** | Bidder |
|---|---|---|---|---|---|
| | Prices in pence unless otherwise indicated. | | | | |
| Aitken Hume | 171 | 173 | 156 | 78.43 | Tranwood |
| APV | 575 | 553 | 350 | 182.30 | Siebe |
| Assoc Heat Srvcs | 490*§ | 490 | 440 | 39.39 | Cie Generale de Chauffe |
| Benfold Concrete | 82½§ | 79 | 88 | 12.29 | BM Group |
| Berisfords | 127½ | 103 | 112 | 6.95 | Allied Textile |
| Berisford (S. W.) | 227 | 212 | 230 | 424.62 | Hillsdown |
| Bevan (D. F.) | 50 | 47 | 38 | 3.92 | Wheway |
| Biddle Hldgs | 160* | 160 | 103 | 6.49 | Kone (UK) |
| Brickhouse Ddley | 136§ | 133 | 112 | 22.15 | Glynwed Intl. |
| British Vending | 112 | 110 | 67 | 11.94 | GKN |
| Brown (John) | 30 | 29 | 23 | 81.19 | Trafalgar House |
| Burnett & Hallam | 21 | 16 | 22 | 8.33 | Anglo Utd Hey |
| Chart Flks Lynch | 123 | 121 | 90 | 4.39 | Consolidated Gold |
| City & Forgn Inv | 114 | 127 | 115 | 4.56 | Harvard Secs |
| Clive Discount¶ | 50* | 49 | 47 | 11.05 | Bache Group |
| Coin Inds | 103 | 98 | 95 | 11.85 | Burgess Products |
| Ctry Gentlemans | £13½ | £14¼ | 775 | 9.96 | Eastwood |
| Ctry Gentlemans¶ | £14½ | £14¼ | 775 | 10.52 | Fredericks Place |
| Duport | 134 | 134 | 135 | 72.79 | Williams Hldgs |
| First Security | 150* | 148 | 140 | 18.00 | Brit Car Auction |
| Hambro Trust | 340a | 332 | 290 | 51.14 | Hambros |
| Hampton Areas | 130* | 138 | 128 | 35.46 | Metals Explo |
| Hoggett Bowers | 134 | 119 | 106†† | 15.87 | Blue Arrow |
| Kenning Motor | 282 | 290 | 173 | 123.14 | Tozer Kemsley |
| Land Investors | 76* | 74 | 73 | 74.05 | BCPH |
| Marshalls Unvrsl | 77 | 78 | 82†† | 14.46 | British Syphon |
| McKechnie Bros | 235 | 240 | 222 | 141.47 | Evered |
| Moss (Robert) | 131 | 131 | 97 | 25.50 | Bunzl |
| Park Place | 335* | 342 | 308 | 44.96 | Wolters Samsom Grp |
| Pegler-Hattersley | 557§ | 595 | 472 | 170.02 | Tomkins (F. H.) |
| Petranol | 80§ | 63 | 74 | 20.67 | Inoco |
| Pritchard Servs | 124 | 118 | 85 | 143.3 | Hawley Group |
| Protimeter | 63* | 60 | 47†† | 4.76 | Bowthorpe |
| Raybeck | 47½* | 45½ | 44 | 17.43 | Legibus 682 |
| RFD Group | 175 | 203 | 120 | 23.85 | Wardle Storeys |
| Roberts Adlard | 250 | 245 | 230 | 12.60 | Bowater |
| Rotaflex | 292 | 345 | 210 | 32.30 | Emess Lighting |
| SGB Group¶ | 362§ §§ | 350 | 324 | 154.80 | Mowlem (J.) |
| Stndrd Chartered | 750§§ | 795 | 873 | 1,167bn | Lloyds Bank |
| Stndrd Fireworks | 143§§ | 142 | 135 | 8.04 | NY Dart |
| Stock Conversion | 720† | 710 | 705 | 397.61 | P & O |
| Wedgwood | 310 | 343 | 343 | 140.36 | London Intl Grp |
| Whitworth's Food | 45† | 43 | 63†† | 4.90 | Booker McConnell |
| Woolworth Hldgs | 676 | 805 | 633 | 1,507bn | Dixons Group |

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on May 16 1986. †† At suspension. Shares and cash. ¶¶ Related to NAV to be determined. ‖‖ Loan stock. ‡‡ Suspended. ‖ Swedish kronor. a Cash offer; alternative paper offer made.

### PRELIMINARY RESULTS

| Company | Year to | Pre-tax profit (£000) | | Earnings* per share (p) | | Dividends* per share (p) | |
|---|---|---|---|---|---|---|---|
| Aberdeen Cons | May | 3,670 | (4,860) | 31.7 | (16.6) | 8.0 | (7.25) |
| Asda Properties | Dec | 1,100 | (568) | 8.0 | (7.1) | 3.0 | (—) |
| Bank of Ireland | Mar† | 81,300 | (52,700) | 54.6 | (41.3) | 20.5 | (17.5) |
| Boot, Henry | Dec | 7,130L | (4,050) | — | (55.3) | 11.5 | (14.5) |
| Brit & Common | Dec | 76,850 | (66,220) | 19.0 | (17.3) | 5.0 | (4.0) |
| Bremner | Jan | 421L | (—) | — | (—) | — | (—) |
| Cater Allen | Apr | 4,500 | (3,700) | — | (—) | 30.0 | (28.88) |
| Chesterfield Pr | Dec | 7,500 | (6,440) | 25.8 | (18.8) | 12.0 | (10.5) |
| Delyn Pack | Feb | 301 | (121) | 11.4 | (5.0) | 3.0 | (2.5) |
| Dencora | Dec | 1,050 | (1,200) | — | (—) | 2.0 | (—) |
| Feedex Agric | Dec | 904 | (205) | 4.4 | (0.8) | 1.5 | (0.5) |
| Foster, John | Feb | 1,130 | (1,100) | 11.4 | (11.2) | 3.5 | (3.0) |
| Gieves Group | Jan | 1,000 | (1,010) | 8.9 | (7.4) | 3.3 | (3.0) |
| Heath, C. E. | Mar | 30,370 | (30,120) | 62.7 | (61.0) | 24.4 | (21.0) |
| Henderson Group | Mar | 5,520 | (6,600) | 15.4 | (18.1) | 7.0 | (6.0) |
| Holt, Joseph | Dec | 3,050 | (2,640) | 61.8 | (49.5) | 16.0 | (14.0) |
| Jefferson Smur | Jan† | 36,710 | (51,050) | 10.1 | (14.4) | 3.28 | (3.28) |
| KCA Drilling | Dec | 4,430 | (2,900) | 3.2 | (1.8) | 1.5 | (2.0) |
| King & Fer Grp | Dec | 2,010 | (—) | — | (—) | 3.04 | (—) |
| King & Shaxon | Apr | 1,100 | (788) | — | (—) | 8.75 | (8.25) |
| Land Secs | Mar | 112,900 | (95,600) | 15.8 | (11.2) | 9.8 | (8.15) |
| Maclellan, P. & W. | Dec | 631 | (531) | — | (—) | 1.9 | (1.7) |
| Morris, W. | Dec | 2,740 | (755) | — | (2.5) | — | (—) |
| Neil & Spencer | Nov | 141 | (1,080) | — | (3.3) | — | (—) |
| Norfolk Group | Dec | 1,270 | (505) | 0.8 | (0.5) | 0.3 | (0.25) |
| Parkland Text | Feb | 1,320 | (2,000) | 10.4 | (28.3) | 4.8 | (4.8) |
| Pegler Hatt | Mar | 21,670 | (18,119) | — | (—) | 20.0 | (14.5) |
| Ramco Oil Serv | Dec | 95L | (910) | — | (—) | — | (—) |
| Runciman, W. | Dec | 1,410 | (468) | 15.7 | (16.1) | 5.0 | (5.0) |
| Sears | Jan | 185,200 | (175,200) | 8.3 | (8.1) | 3.4 | (3.0) |
| Stylo | Feb | 259L | (2,350) | — | (8.9) | 4.5 | (4.5) |
| TDS Circuits | Feb | 421L | (2,660) | — | (23.9) | 2.0 | (4.9) |
| Tysons (Cont) | Dec | 416L | (1,530) L | — | (—) | — | (—) |

### INTERIM STATEMENTS

| Company | Half-year to | Pre-tax profit (£000) | | Interim dividends* per share (p) | |
|---|---|---|---|---|---|
| Abbeycrest | Feb | 629 | (472) | 1.0 | (—) |
| Ass Energy Serv | Mar | 71L | (203) | — | (—) |
| Baggeridge Brick | Mar | 572 | (692) | 2.5 | (2.25) |
| BOC | Mar | 80,200 | (78,700) | 4.37 | (3.85) |
| Concentric | Mar | 1,540 | (1,050) | 1.56 | (1.35) |
| Eng China Clay | Mar | 30,280 | (24,360) | 4.25 | (4.0) |
| Grand Met | Mar | 140,000 | (132,075) | 4.0 | (3.64) |
| Holmes & March | Mar | 763 | (450) | 2.5 | (—) |
| NSS Newsagents | Mar | 4,020 | (3,320) | 1.6 | (1.35) |
| North Mid Con | Feb | 6L | (16) L | — | (—) |
| Radio Clyde | Mar | 314 | (189) | 1.25 | (1.25) |
| Warner Est | Mar | 1,890 | (1,630) | 7.5 | (6.0) |
| Western Sel | Mar | 586 | (383) | 1.3 | (1.0) |
| Windsor Secs | Mar | 114 | (108) | 0.2 | (0.55) |

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. † In £I.

### RIGHTS ISSUES

**Britannia Arrow**—To raise £39.4m through a one for five rights issue at 110p.

**Burmah Oil**—To raise £86m through a one for five rights issue at 310p.

**Cater Allen**—To raise £18.5m through a one for one rights issue at 200p.

**Feedex Agricultural Industries**—To raise £1.3m through a one for three rights issue at 30p.

**Molynx Holdings**—To raise £0.3m through a one for four rights issue at 45p.

**National Westminster Bank**—To raise £714m through a one for one rights issue at 200p.

**Neil and Spencer**—To raise £1.6m through a rights issue on one of the following basis: two for six at 12p or one for six at 18p.

### SCRIP ISSUE

**Bank of Ireland**—One for one.

### OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

**Alumasc**—Offer for sale of 4.5m shares at 150p.

**Arlington Securities**—Offer for sale of 8.7m shares at 115p.

**Barker, Charles**—Offer for sale of 5m shares at 150p.

**British Island Airways**—USM placing 2.7m shares at 60p.

**Cambridge Water Company**—Issuing £3m 10 per cent redeemable debenture stock 1996-98 at par.

**Clarke Hooper**—USM placing of 2.1m shares at 130p.

**Dean and Bowes**—USM placing of 1.48m shares at 50p.

**Estates and General**—Raising £5.5m through a placing of 11¼ per cent debenture stock 2018 at £109.89.

**Haggas, J.**—Offer for sale of 8m shares at 140p.

**Mid Southern Water Company**—Raising £9m through an issue of 10 per cent redeemable debenture stock 1995-98 at par.

**Mrs Fields**—USM offer for sale of 29.7m shares at 140p.

**Savage**—Placing 3m shares at 100p.

**Waterford Glass**—Issuing $40m ADS on New York OTC market.

**Witan Investment Trust**—Placing £50m 8¼ per cent debenture stock 2016 at £80.283.

# Sainsbury makes the tills ring

AFTER A week dominated by oil and insurance company results, next week promises a shift towards more basic needs — food and brewing. The talk will be of bread wars, flour prices and lager versus beer, rather than depressed crude oil prices.

At J. SAINSBURY, the new electronic and laser scanning checkout tills have apparently been working overtime, with food supermarket sales rising by around 14 per cent in spite of falling inflation rates. The group's Homebase DIY superstores are continuing to see gains from lower unit overheads. Overall, net margins are expected to rise significantly above last year's 5.06 per cent.

So, on Tuesday, the City will be expecting £186m plus some property gains, a 21 per cent rise on the year to March 1985. The contribution from associates — SavaCentre and Shaws —should be just more than double 1985's £7.2m.

With ten new supermarkets opened in the second half, the capital investment programme was at the £250m a year level. And while Sainsbury has been capitalising interest costs before openings, this will not prevent a small interest charge creeping in this time round.

**ASSOCIATED BRITISH FOODS** should also see a 20 per cent gain from its retailing wing, led by Fine Fare with strong sales and margin increases. Overall, some £160m is looked for in Monday's announcement of results for the year to March, 21 per cent up on last year's £32m.

While milling, the second largest division, should be ahead, thanks to some volume growth and cost savings, and baking has survived the "bread war," net investment income continues to push food manufacturing into fourth place in the healthy contribution it makes to the group. The reason is the cash pile arising from the £200m disposal in 1983 of a 52 per cent stake in South Africa's Premier Group; it is still sitting in the bank.

Overseas, mainly Australia, currency translation will keep a good local gain, perhaps as much as 25 per cent, down to a modest sterling rise over last year's £18m.

Meanwhile, the sweet-toothed should be reasonably pleased with the expected £40m (against £36.5m last time) interim pre-tax profits due from **RANK HOVIS McDOUGALL**, on Tuesday.

While RHM was apparently narrowly beaten in the bidding for Cadbury Schweppes' cocoa,

## Results due next week

Smash, Marvel, Typhoo tea and Chivers Hartley jam operations, there is interest in the 15 per cent stake held in the group by S & W Berisford. This could be changing hands if Hillsdown has its way with the sugar company.

RHM's milling operations should be only just ahead of last year—although, as transport costs fall, the group could become the country's lowest cost miller, especially of imported wheat. Higher floor prices and lower costs should help to build margins as the year progresses.

Baking is expected to break even, against a loss last time round which was accompanied by extraordinary costs because of the closure of seven bakeries.

The brewers' reporting season continues this week with **BASS** and **WHITBREAD** both due to announce results on Wednesday. Both companies have been left out of the general takeover excitement that has rocked the sector recently. However, both should produce strong increases in profits.

Bass, the largest of the British brewers, should manage a rise of 16 per cent to £116m for the six months to April, with property profits expected to add a further £4.5m. These figures compare with a spectacular first half of last year when Bass was picking up market share rapidly. This time, brewing profits may scarcely be higher but leisure could be about 50 per cent up on last year.

Although the betting shops may have suffered again from cancelled race meetings during the cold winter, the fruit machine business, now doubled in size, should be generating excellent profits at last.

Whitbread is expected to announce profits for the year to February of about £130m, compared with £110m last year. The largest improvement will come from the wines and spirits division. Almost all of the major brands should have recorded good volume growth, making up for the losses of Finlandia, Mouton Cadet, etc. Most of the division's profits are made in the US, and therefore will not be helped by exchange rates. Nevertheless, wine and spirits profits could be up by a third.

Meanwhile, Whitbread is gaining a bigger share of the beer market; it has improved its mix of sales and is fighting to contain costs. The rapidly expanding retail division con panding retail division continues to do well as established chains mushroom and new ones come into being.

On Thursday, **GREENALL WHITLEY** announces interim results, which are forecast to be up by 9 per cent to £11.5m, with **YOUNG & CO.** producing preliminary figures, expected to be £3.5m, on the same day.

**PLESSEY** made no profits forecast at the time of GEC's bid last December; but in spite of its poor start to the year, the City is expecting the group to produce a full-year result on Thursday respectable enough to provide a good defence in the event of the Monopolies Commission leaving the path to a takeover unblocked.

The key to Plessey's progress will have been a sharp acceleration in deliveries of System X: orders worth £100m are thought to have been fulfilled in the last quarter compared with £120m for the previous three combined. But the electronics division will also be looking stronger without last year's heavy rationalisation costs, and Strombery Carlson should at last be breaking even. A fourth-quarter upturn from £42.5m to £61m should, therefore take the full-year figure from £163.7m to about £173m.

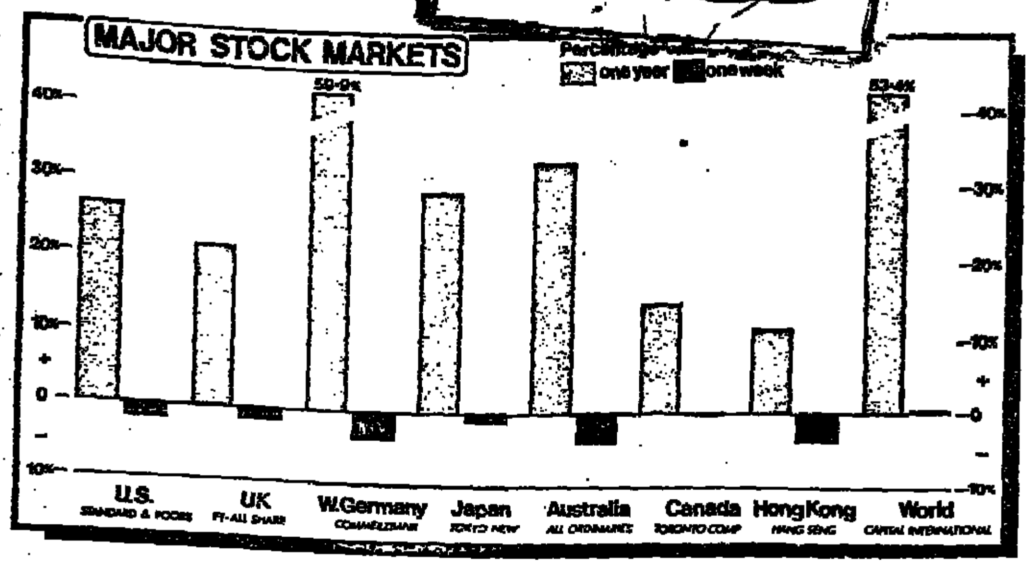
| Company | Announcement due | Dividend (p)* Last year Int. | Last year Final | This year Int. |
|---|---|---|---|---|
| **FINAL DIVIDENDS** | | | | |
| Allied Irish Banks | Wednesday | 4.5 | 5.0 | 4.5 |
| Associated British Foods | Monday | 1.7 | 3.7 | 1.9 |
| British and American Film Holdings | Tuesday | 1.5125 | 3.2125 | 1.7 |
| British Borneo Petroleum Syndicate | Thursday | 5.0 | 12.5 | 6.0 |
| Business Mortgages Trust | Tuesday | — | 0.75625 | — |
| Cakebread Robey | Tuesday | 0.6 | 2.3 | 0.6 |
| Carless, Capel and Leonard | Friday | 1.0 | 1.75 | 1.0 |
| Castings | Thursday | 0.66667 | 1.83333 | 0.8 |
| Clayform Properties | Monday | — | — | — |
| Country and New Town Properties | Tuesday | 0.5 | 1.0 | 0.6 |
| Deritend Stamping | Thursday | 2.2 | 4.1 | 2.4 |
| Ferguson Industrial Holdings | Thursday | 2.5 | 4.65 | 2.75 |
| Fine Art Developments | Tuesday | 1.1 | 2.1 | 1.2 |
| Gartmore American Securities | Tuesday | 0.6 | 1.4 | 0.6 |
| Hambros Investment Trust | Thursday | 1.1 | 3.1 | — |
| Hartwells | Wednesday | 0.72029 | 1.57806 | 0.88 |
| Ivory and Sime | Monday | 2.0 | 3.25 | 1.0 |
| London and Northern Group | Wednesday | 1.85 | 3.05 | 2.1 |
| Mersey Docks and Harbour Company | Tuesday | — | — | — |
| Micro Focus | Thursday | — | — | — |
| Miles 33 | Tuesday | — | 2.75 | — |
| Milletts Leisure Shops | Friday | 2.85 | 1.0 | 1.0 |
| Monks and Crane | Wednesday | — | — | — |
| New England Properties | Friday | — | 1.0 | — |
| Plessey | Thursday | 1.799 | 2.576 | 2.072 |
| Readicut International | Monday | 0.15 | 1.3 | 0.165 |
| Sainsbury, J. | Tuesday | 1.4 | 3.1 | 1.65 |
| Samuel, W. | Friday | 1.0 | 3.17 | 1.0 |
| Spectra Automotive & Engng. Products | Tuesday | 0.75 | 1.525 | 0.825 |
| Tomkinsons | Monday | — | 3.0 | — |
| Whitbread | Wednesday | 2.05 | 4.9 | 2.25 |
| Witan Investment Company | Thursday | 1.3 | 1.45 | 1.5 |
| Young and Co's Brewery | Thursday | 3.0 | 3.3 | 3.3 |
| **INTERIM DIVIDENDS** | | | | |
| Albion | Thursday | 0.6 | 0.7 | |
| Appledore, A. and P. | Tuesday | 2.0 | 4.0 | |
| Associated Paper Industries | Wednesday | 2.0 | 4.0 | |
| Avon Rubber | Wednesday | 2.2 | 3.5 | |
| Bass | Wednesday | 3.7 | 11.0 | |
| Bibby, J. | Tuesday | 1.0 | 4.0 | |
| Brooke Tool Engineering | Monday | 0.5 | 0.75 | |
| Brown, Matthew | Monday | 2.15 | 9.35 | |
| Cramphorn | Tuesday | 1.667 | 3.5 | |
| Craton Lodge and Knight | Monday | 0.5 | 1.35 | |
| Cronite Group | Wednesday | — | — | |
| Dubilier | Monday | 1.1 | 1.7 | |
| Greenall Whitley | Thursday | 0.5921 | 0.816 | |
| Guinness Peat | Tuesday | 0.8 | 1.1 | |
| Irish Distillers | Wednesday | 1.5 | 5.65 | |
| Kelsey Industries | Friday | 2.5 | 5.5 | |
| Majedie Investments | Tuesday | *0.95 | 4.25 | |
| Pencom | Monday | — | 1.3 | |
| Ranks Hovis McDougall | Tuesday | 1.854 | 3.45 | |
| RHP Group | Thursday | 1.65 | 2.6 | |
| Spectrum | Friday | — | — | |
| Talbex | Friday | — | — | |
| United Scientific Holdings | Monday | 2.2 | 3.5 | |

* Dividends are shown net pence per share and are adjusted for any intervening scrip issues.

## INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

| | Quoted rate % | Compounded return for taxpayers at 29% | 45% | 60% | Frequency of payment | Tax (see notes) | Amount invested £ | Withdrawals (days) |
|---|---|---|---|---|---|---|---|---|
| **CLEARING BANK*** | | | | | | | | |
| Deposit account | 5.00 | 5.12 | 3.97 | 2.88 | monthly | 1 | — | 0-7 |
| High interest cheque | 7.60 | 7.82 | 6.06 | 4.41 | quarterly | 1 | 2,500 minimum | 0 |
| Three-month term | 6.75 | 6.92 | 5.36 | 3.90 | quarterly | 1 | 2,500-25,000 | 90 |
| **BUILDING SOCIETY†** | | | | | | | | |
| Ordinary share | 6.00 | 6.09 | 4.72 | 3.43 | half yearly | 1 | 1-250,000 | 0 |
| High interest access | 7.75 | 7.75 | 6.00 | 4.37 | yearly | 1 | 500 minimum | 0 |
| High interest access | 8.00 | 8.00 | 6.20 | 4.51 | yearly | 1 | 2,000 minimum | 0 |
| High interest access | 8.25 | 8.25 | 6.39 | 4.64 | yearly | 1 | 5,000 minimum | 0 |
| High interest access | 8.50 | 8.50 | 6.58 | 4.79 | yearly | 1 | 10,000 minimum | 0 |
| 90-day | 8.50 | 8.68 | 6.72 | 4.89 | half yearly | 1 | 500 minimum | 90 |
| Premium | 8.42 | 8.69 | 6.73 | 4.90 | quarterly | 1 | 10,000 minimum | 90 |
| **NATIONAL SAVINGS** | | | | | | | | |
| Investment account | 11.50 | 8.17 | 6.33 | 4.60 | yearly | 2 | 5-50,000 | 30 |
| Income bonds | 12.00 | 9.00 | 6.97 | 5.07 | monthly | 2 | 2,000-50,000 | 90 |
| 31st issue‡ | 7.85 | 7.85 | 7.85 | 7.85 | not applicable | 3 | 25-5,000 | 8 |
| Yearly plan | 8.19 | 8.19 | 8.19 | 8.19 | not applicable | 3 | 20-200/month | 14 |
| General extension | 8.52 | 8.52 | 8.52 | 8.52 | yearly | 3 | — | 8 |
| **MONEY MARKET ACCOUNTS** | | | | | | | | |
| Money Market Trust | 7.63 | 7.82 | 6.07 | 4.41 | half yearly | 1 | 2,500 minimum | 0 |
| Schroder Wagg | 7.29 | 7.54 | 5.84 | 4.25 | monthly | 1 | 2,500 minimum | 0 |
| Provincial Trust | 8.04 | 8.34 | 6.46 | 4.70 | monthly | 1 | 1,000 minimum | 0 |
| **BRITISH GOVERNMENT STOCKS§** | | | | | | | | |
| 7.75pc Treasury 1985-88 | 8.57 | 6.30 | 5.05 | 3.87 | half yearly | 4 | — | 0 |
| 10pc Treasury 1990 | 8.70 | 5.88 | 4.32 | 2.87 | half yearly | 4 | — | 0 |
| 10.25pc Exchequer 1995 | 9.01 | 6.18 | 4.61 | 3.14 | half yearly | 4 | — | 0 |
| 3pc Treasury 1987 | 6.90 | 6.00 | 5.50 | 5.04 | half yearly | 4 | — | 0 |
| 3pc Treasury 1989 | 6.49 | 5.57 | 5.06 | 4.59 | half yearly | 4 | — | 0 |
| Index-linked 1990¶ | 7.56 | 6.90 | 6.54 | 6.21 | half yearly | 2/4 | — | 0 |

* Lloyds Bank. † Halifax. ‡ Held for five years. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.




# Losing the lust for life

A FOREIGN resident in Tokyo recently stopped a friend on the street and asked how he was. "Full of the joys of spring," came the bouncy reply. "You must be getting paid in yen," said the first, sourly.

The acrobatic rise of Japan's currency has all but taken over conversation in Japan. This week, the US dollar slipped through the Y160 barrier briefly and looked to be tunnelling for even lower ground. By the week's end, however, exporters were hauled back from their window sills as the currency finished up at around Y165.

Even so, the Tokyo stock market has definitely lost its lust for life. Only a month ago, prices of blue chip exporters were perversely going up, volume was heavy, and brokers were full of eager stories about their favourite hidden asset stocks. In the past few days, however, the market has lost its own initiative and has started to glumly plod in line with Wall Street.

For the moment, it looks like a case of the blues, or maybe the blahs, as Tokyo remains unsure about life with the high yen. Indeed, Prime Minister Yasuhiro Nakasone came away from the recent economic summit with little more than a souvenir pair of chopsticks. As a result, the course of the economy, domestic spending issues and even Nakasone's own future remain in the balance.

Brokers are split about whether this lull marks the beginning of the end of the present bull market, or is merely a pause before a blockbuster bull market starts in earnest. The debate splits along the lines of whether there will or won't be great stacks of money available for investment for the rest of this year, as there has been in the past.

Those who say cash is drying up point to the following factors. First, the foreign exchange play for foreign investors looks to be about over, with very few expecting the yen to go higher than Y150 to the dollar. Next, Japan's exporters are busily shifting production facilities to places like Singapore and Malaysia.

Further, Japan is expected to announce a huge programme of local authority construction bonds in order to fund the kind of domestic spending programmes that the West is insisting upon. Some say these bonds may total as much as Y4,000bn If true, it would take a

## Tokyo

mammoth bite out of the funds available for equities.

Last, the doomsayers point to the reduced profits of Japan's big exporters, saying that the knock-on effect throughout the economy will dampen the interest in the stock market.

Those on the other side of the fence point first to Japan's still swelling money supply figures. In April, for example, Japan's M2, which is cash and deposits, including CDs, grew by 8.4 per cent over a year earlier, according to the Bank of Japan.

At the same time, they point out, inflation is approaching zero in Japan, making the recent modest wage increases look fairly substantial in real terms. On top of these factors, bonds are now yielding around 4.5 per cent, a fact that has more than a few insurance companies in a tizzy. This is because their funds uniformly aim to show an 8 per cent gain each year. Some in this camp say that the life insurance companies are now in talks with the Ministry of Finance on ways to increase their limits on equity investments.

As a last point, the optimists say that foreigners were net sellers in Tokyo for the past two years, so are not likely to bail out this year because of simple weighting reasons.

While the two sides hash it out, however, there is still some sizzle to be found on the Tokyo exchange. In the "no one has a clue" category is Janome Sewing Machine, which saw profits halve last year and is expected to see them halve again this year. In January, it was trading at around Y400; yesterday it was knocking Y2,000. Some say it is speculators, others say it is a political fund-raising stock, but no one seems to know for sure.

A much more delightful way to have made some money recently was the Princess Diana play. Clever brokers figured out that once her royal highness put a foot inside Japan's Mitsukoshi Department store last week, the group's shares would jump up. In fact, Princess Di fever peaked two days before the Mitsukoshi visit last Sunday and the stock, which had been trading at Y870 earlier in the month, went to a high of Y1070.

You had to be a bit heartless on this one, however; the shares have since fallen back to Y960 as few are sure how long Diana's magic can last for what is basically a rather dull retailing stock.

**Carla Rapoport**

# A collection of conundrums

IN THE TAKEOVE business, with Burroughs and Sperry at each others' throats, and Carl Icahn making another brash foray, Wall Street has once again begun to seem almost like the heady times of last year. But the similarity with the headlong enthusiasm of 1985 ends strictly with the merger brokers. The market in general has had an edgy week, overshadowed by questions over the economy, oil prices, the dollar and the bond market—to say nothing of tax reform.

This collection of conundrums adds up, in the view of many analysts, to a fairly unpromising short-term prospect for equities. Even the most bullish reading of the present situation—that interest rates could still drop further — is open to serious doubts.

The argument for a further drop in rates rests on the perception that the economy is still growing only sluggishly, and that with inflation still apparently subdued, the Federal Reserve Board might feel it is appropriate to try to bring rates down to stimulate activity.

Yet, dare the Fed act when it is clearly worried about a precipitous decline in the dollar and the inflationary pressures that a fall in the currency implies? And should it act until it has seen what impact on growth the lower price of oil will have?

These anxieties were underscored in different ways this week, first with a plunge in the dollar on Monday and second, a big fall in the Treasury long bond on Thursday. Just a week ago, the long bond was yielding 7.37 per cent when the first of the new issue was auctioned. It finished up on Thursday at 7.54 per cent—and as rates in the bond market rose, the equity market sagged in response, falling by almost 34 points to 1774.68—about 80 points below its all-time high about a month ago.

Apart from failing to clear up the issue of where the Government wants the dollar to come to rest, Washington has also thrown a spanner into the works this week by magically producing the radical new tax proposals from the Senate Finance Committee.

Industry has broadly made up its mind on the plan, giving the proposals an overall endorsement—backing they will certainly need if they are to overcome the reputation Senate measures have for failing in the House of Representatives. But for investors in general, the passage through the Finance Committee has done little more than remind them that the country is still a long way away from tax reform and that, in the meantime, the uncertainty over the final shape of the Bill is not helpful to the corporate sector.

In this sense, the move on taxes puts another question mark over corporate profits after a first quarter which has

## Wall Street

been generally viewed as disappointing on Wall Street. Another negative factor in the past few weeks has been oil prices, which led to a further rash of heavy write-downs this week as companies adjusted their asset values to the new price levels.

On the other hand, many economists point out that the news from the oil industry is not all bad. The initial impact of the lower price they argue, will be negative because the oil sector companies will be hit fairly swiftly. Longer-term advantages of lower energy prices on the broader economy will take a while to materialise, they say, but they will come.

The indications are that the beefed-up sales incentives announced recently by the motor manufacturers are beginning to take hold. Indeed, the buoyancy of the market seemed to be a little too much for Lee Iacocca, Chrysler's outspoken chairman: he came out with a rash statement this week to the effect that Japanese car manufacturers had all but lost their cost advantage over American - produced vehicles, following the sharp rise in the yen.

Meanwhile, the battle over the future of Sperry has brought the Wall Street strategists and arbitrageurs back onto centre stage again. The "Arbs", as they are known, had clearly decided that the computer group would not be acquired at the $70 a share Burroughs offered last week, and they had pushed the price up to over $72 a share well before Sperry came out with a cunning defensive proposal this week.

Sperry has basically said that if Burroughs acquires the 52 per cent of the company for which it has offered cash, Sperry itself will, in a dying manoeuvre, buy out the rest of the equity for $80 a share.

This act of Hara-Kiri would load-up Burroughs with debt but, more important for Wall Street, the way in which the defence was couched suggested that Sperry was trying to put a base price of around $74.50 a share on the company. One up to the Arbs, who had the immediate satisfaction of a statement from Burroughs offering talks on a civilised conclusion to the affair.

Not to be outdone, and apparently in no way humbled by a less than glorious initiation to the airline industry as boss of the recently-acquired TWA, Carl Icahn reappeared this week in his familiar role as an aggressive Wall Street investor.

Currently, Mr Icahn has Viacom, the cable television group, in his sights and he said on Thursday that he is willing to pay $1.6bn for the group. Followers of Mr Icahn, of course, will remember that his track record shows that he often retreats with his pockets full of cash from a threatened takeover well before he is stuck with the problem of running the target company.

| | | |
|---|---|---|
| Monday | 1787.33 | −2.10 |
| Tuesday | 1785.34 | −1.99 |
| Wednesday | 1808.28 | +22.94 |
| Thursday | 1774.68 | −33.60 |

**Terry Dodsworth**

# In the footsteps of the Romans

THE ROMANS made a go of it, mining copper and other metals at the old Parys Mountain area near Amlwch on Anglesey in North Wales. They also knew a thing or two about mining Welsh gold, notably at the Ogofau area some 30 miles north of Cardiff in Dyfed.

Over the years, others have indulged in Welsh metal mining activity with varying degrees of success. Mineral deposits still exist there and they continue to fascinate the prospectors — especially, it seems, the Canadians. They have been drilling at both Parys Mountain and Ogofau.

The Parys Mountain hopefuls —Imperial Metals Corporation —have now reached the stage whereby a planning application for a mine has been submitted. Hastily, Imperial Metals has added this week that this does not mean it has reached a decision to start mining. Much depends on future economic conditions: in other words, likely metal prices and capital costs.

The old mine was last worked in 1920 but there is plenty of ore left as Cominco—another Canadian company—found when it drilled the area a few years back. Further drilling by Imperial Metals has outlined 3.2m tons of it—there could be a good deal more—but the metal content is on the low side at 1.6 per cent copper, 2.9 per cent lead and 6.2 per cent zinc, plus some silver and gold.

Still, it could take up to four years from the start of shaft-sinking for the mine to reach production at a relatively modest planned rate of 250,000 tons of ore a year, and metal prices could be higher by then.

Unlike the Romans, Imperial Metals will have to meet environmental considerations, but it would be nice to see the venture succeed—if only for the jobs it would create.

A "hold or sell" decision is facing shareholders of London's **Hampton Gold Mining Areas.** Back in 1984, the shares were 250p before troubles came along in the shape of the UK coal strike which hit the company's engineering and coal mining side: the £6.9m write-off of the abortive Colorado gold venture; and the fall in oil prices which took the shine off Hampton Areas' North Sea interests.

At the start of this year, the share price was around 120p on its way down to just over 90p. It began to pick up later on hopes that earnings were improving and also on consideration of the company's West Australian gold interests. This week, it has moved ahead to over 140p following a bid of 130p per share cash from Australia's Alan Bond group.

The offer, made by the group's **Metal Exploration,** which already holds 12.6 per cent of Hampton Areas, is con-

## Mining

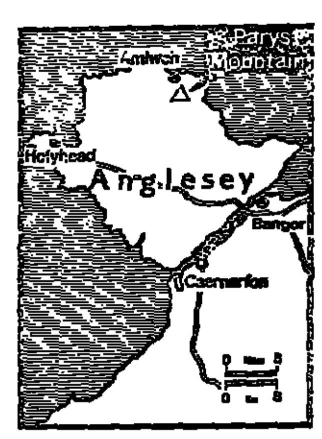
ditional upon an acceptance of 90 per cent or, at least, more than 50 per cent. The major attraction appears to be Hampton Areas' gold interests and these are not easy to value.

As is often the case, the market is anticipating either an increase in the Metals Exploration offer price or a bid from another source. So, for the time being it is a case of wait-and-see; in the meantime, shareholders must decide whether to sell the shares and re-invest elsewhere or to stay with the company.

Its assets, which include royalties on part of Western Mining's nickel production, are sound but it could take a year or two for the company to regain its former good earnings position. In a nutshell, a shareholder must choose between a little jam today or wait in uncertain share markets for more jam tomorrow.

One of the world's major gold producers outside South Africa is the US Newmont Mining, a diversified natural resource group in which London's **Consolidated Gold Fields** has a stake of some 26 per cent. Newmont is already the second biggest miner of gold in North America and is set to overtake the number one, **Homestake Mining.**

The star in Newmont's gold crown is the big Carlin open-pit mine in Nevada which, with the new Gold Quarry operation, should boost the company's gold output this year to about 330,000 oz from 218,613 oz in 1985. The gold operations are run by a wholly-owned subsidiary, Newmont Gold, which was formerly known as Carlin Gold Mining.




This week, Newmont Mining has said that it will offer the public a stake of about 6 per cent in the gold company at a price somewhere between $12 and $15 per share. The news has set London stockbroker James Capel doing sums which have come up with interesting answers.

At a price of $15 a share the gold offshoot would be valued at $1.3bn, which is about the same value placed on Newmont Mining itself at the present share price. On this basis Newmont Mining's other assets come in for nothing.

**Kenneth Marston**

IN THE NEWS

IF YOU WANT to take advantage of the present boom in the Japanese stock market, it seems to make a lot of sense to invest via one of the leading players on the Tokyo Stock Exchange. That is the basic philosophy behind the Nomura Growth Fund, which is now being offered to UK private investors.

Nomura International, which recently became the first Japanese member of the London Stock Exchange, is a subsidiary of Nomura Securities in Tokyo, the world's largest investment bank with a capitalisation of about £13bn. It handles over 15 per cent of all equity trading on the Tokyo stock market.

It has a long history of handling private investor business in Japan, but so far its London subsidiary has concentrated on corporate finance and the wholesale end of the market. So it is something of a departure for Nomura in London to go for private investor business, particularly as the minimum investment for the Nomura Growth Fund has been set at a relatively modest figure of £1,000.

Nomura says that with the units of the fund denominated in yen, there is an additional attraction for UK investors of investing in one of the world's strongest economies and in a strong currency. Since the fund started last July it has appreciated in value by over 50 per cent in sterling terms and some 20 per cent of that gain is attributable to the rise in the value of the yen against the pound.

As an offshore fund, based in Luxembourg but managed in London, it will seek distributor status to ensure that UK investors are not at a tax disadvantage as with many offshore funds. The annual management fee is standard at 0.75 per cent. However, the initial (front load) entry charge is only 3 per cent commission over the asset value, which is calculated on a daily basis using the current currency rates. Details of the Fund can be obtained direct from Nomura International at 24 Monument St., London EC3.

●

WITH interest rates declining, the attention of unit trust groups has switched to tempting investors with building society or bank deposit accounts with the promise of reasonable income to help pay the gas bill combined with capital growth. Latest to join in is GT, with the launch of its eleventh unit trust, GT International Income Fund.

The company points out that the further cut in corporation tax means that income funds, with overseas holdings, are now a more attractive proposition for many UK investors. At the same time, investing in international markets should give the fund more flexibility in achieving its object of providing rising dividends, without being trapped in one currency.

The fund will have an initial gross estimated yield of 5 per cent, with a portfolio made up of 40 per cent bonds and 60 per cent equities. GT says that although this may appear defensive, it believes that bonds are looking good at present and in the right currency can generate capital growth as well as income.

The initial offer of 50p units closes on June 7. Minimum investment is £500.

●

DO YOU think that the boom in the UK stock market has finished and that it is time to take out your money and run? If so, Sun Alliance has come up with a timely answer to where you should put your profits. It has launched the Worldwide Bond unit trust, which it claims is designed to protect your profits in "bear" market conditions.

The idea is that the fund is invested in fixed interest bonds throughout the world, ideally taking advantage of any opportunities in different economies. Sun Alliance has teamed up again with the US-based Capital Group, which will manage the whole investment strategy.

It is estimated that the fund's annual yield could be between 7-8 per cent, while capital growth will come from the expected decline in interest rates.

Sun Alliance admits that fixed interest stocks in the UK have a reputation of being safe but dull. However, over the last five years worldwide bonds have achieved a much higher return, almost compatible with UK equities with less volatility. It all depends on whether you take a gloomy, or optimistic, view of the stock market on a short-term outlook.

●

RELYING on your friendly bank manager has not always been the best way to get sound investment advice. However, County Bank is using its position as a subsidiary of the National Westminster group to try to expand its unit trust sales to a much wider public through NatWest branches.

Investors, with a minimum of £5,000, are being offered a managed investment service for unit trusts. In this case, you don't rely on the manager's advice. You simply state if you want the emphasis in buying unit trusts to be on achieving regular income or on capital growth. After that, all the administration, buying and selling is handled on a discretionary basis by a County Bank personal account manager who will try to meet your wishes to the best effect by going into a portfolio of the bank's 14 unit trusts.

The cost of switching holdings within the portfolio is reduced from the usual 6 per cent to 2 per cent (including stamp duty). Otherwise, charges are standard, with units bought at the normal offer price, and an annual management fee of between 0.75 to 1 per cent depending on the trusts in the portfolio.

Investors are kept informed of progress. There is a statement every time a change is made to a holding and a six-monthly newsletter reviews how individual trusts and stock markets are doing.

You do not need to be a NatWest customer to join the County Bank managed investment service. It is being advertised in the press and you can apply direct to County or via any NatWest branch.

●

PENSION funds, insurance companies and property unit trusts have become disenchanted with agricultural land as an investment. This was confirmed during the week by the latest annual survey from Savills, a leading land agent. The survey shows that ownership of land by financial institutions fell last year for the first time in at least 20 years. Institutions participating in the survey made net farmland sales of 4,548 acres while turnover of land by the participating funds was half the level of the previous year.

In addition Savills estimates that the capital value of its sample of institutionally-owned farms dropped by nearly 18 per cent, again the largest fall in any year since the mid-1970s when buying agricultural land was all the range among the City's institutions. Total return was down 14.6 per cent the first time it has been lower than the Retail Prices Index.

Most of the institutions indicated that they would like to reduce their exposure in the sector, their disenchantment reflecting failing farm incomes leading to lower rental yields and declining land prices. Neither does Savills expect buyers to return to the market during the current year though it does not see them switching out of farmland completely. This is partly because agriculture land represents only a small proportion of their portfolios.

London Stock Exchange

# The bull market is only resting

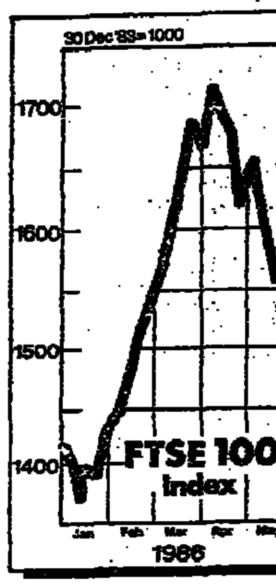
THE BULL market on the London Stock Exchange is alive and well: the recent fall in values is just a temporary correction. That is the consensus of opinion among City analysts and fund managers as the market continued to slide this week. The only disagreement is how much further values will fall before the market starts to rally.

John Mant, of stockbrokers James Capel, whose company issued a gloomy circular about the short-term prospects, said they have isolated two major bearish influences. One was the increased cash calls from both companies and the Government. During the first quarter of the year rights issues by companies had been at a low level compared with a year ago, totalling only £483m up to the beginning of April.

Since then the total had jumped to £2.2bn after the rights issues by Saatchi & Saatchi, the Prudential, and, this week, National Westminster. In addition the market had suddenly become aware of the substantial Government cash calls in the pipeline, with a target of £4.75bn from the privatisation programme during the present fiscal year. The last tranche of British Telecom had already taken £1.2bn and there were Royal Ordnance, TSB, British Gas and Rolls-Royce within the next nine months.

The second factor affecting market sentiment was the recent election results. The pre-election market had already started with political uncertainties becoming an influence.

Mant predicted that the All-Share Index could fall further to around 750 (on Friday it was 772.09 but once that correction had occurred the fundamental positive factors would emerge again and he would be inclined to start buying.




Adrian Fitzgerald of another stockbrokers, Wood Mackenzie, took a similar view. He thought the recent fall was a temporary hiccup but that there was probably a bit more to come with a 10 per cent decline pushing the FTSE 100 index down to 1,550 (it was 1,565 on Friday) at which stage the market would be more positive.

Fitzgerald said the whole market had become overheated with very light cash call demands in the first quarter. It had gone slightly into reverse with a lack of buying interest, some investors taking their profits and the volatile trend in Wall Street affecting London.

With the General Election well over a year away he did not think political uncertainties were having much impact yet, but they were creeping into long-term thinking. Index-linked stock, for example, had outperformed equities and conventional gilts recently.

Roger Yates of GT Management investment group said there had been a serious temporary aberration in the stock market. This was not surprising. Setbacks of between 5 and 10 per cent had occurred during the past four years, and the market was being affected by increased cash calls, political fears and the removal of the speculative froth. It was pausing for breath in line with other world markets in the US and Far East waiting for the downward trend in interest rates to resume.

However Yates said London had its own fundamental dynamic of low inflation and strong economic prospects that would reassert itself in due course. It was "the movie of the 1970s in reverse;" then there had been stagflation and low growth. Now it was completely opposite and he thought it extraordinary for anyone to claim that the bull market had ended.

Chris Tracey of Save and Prosper said the market had risen so fast and so far that it had clearly become overstretched. He would be relaxed if the values fell by another 10 per cent. It was a natural technical correction.

He did not believe, however, there would be any reversal in the underlying upward trend. There was still a lot of money moving around and company profits and dividend growth were likely to be maintained, with continuing low inflation and no sharp upturn in oil prices.

The man from the Prudential, Trevor Pullen, was happy with the long-term indicators. The market had run out of steam for the short term as a result of the cash calls and lack of US buying. It was an entirely healthy reaction and provided a good opportunity for bargain hunting.

However, before the market moved up again events needed to catch up with some of the optimistic forecasts. Latest indications of trading conditions were not exactly setting the world on fire and there was a credibility gap that needed to be filled.

Geoffrey Hall of County Bank agreed that with corporate profits growth slowing down there could be a quite patch on the stock market for the next three months or so. Industry was not yet enjoying the lower energy costs resulting from the oil price fall and the interest rate decline had slowed down. One worrying feature was that wage settlements were running at a high rate in real terms. So he was not over optimistic.

He suggested that investors might do better looking for special situations in smaller companies. With attention away from the big glamour stocks more attention was likely to be focused on second or even third line stocks.

Otherwise the best advice seems either to hang on, if you have not taken your profits already. Or reduce the UK element in your portfolio, put more into international stocks or bonds.

**John Edwards**

# People business buoyant

**New rights issues are no longer guaranteed automatic success, says Lucy Kellaway.**

THESE ARE testing times for players of the new issue game. Now that the market has stopped moving up newcomers are no longer guaranteed a respectable welcome, and of the 15 companies to have gone public over the past month, almost half have generated no profit at all for investors.

The USM, which had its quietest quarter ever during the first three months of the year, has now ground into action and taken on board eight new companies in the past few weeks. Meanwhile the main market has been continuing to attract a collection of fairly small companies and of the recent selection, only one, Lee International, is valued at over £50m.

Perhaps as a result of the shortage of entrants at the start of the year, nearly all of the USM issues have done well.

Indeed, D. Y. Davies, the first ever firm of architects to go public, was greeted with the kind of admiring approval which met most new issues in the market's young days, but which has now become rare.

Based on a forecast of doubled profits, D. Y. Davies's shares were being offered on a prospective p/e of 17, and so were not exactly being given away. However the issue was small and the company growing fast. Perhaps investors have identified architecture as the next fashionable "people business" sub-sector.

However, being small, and being unusual are no guarantee of a successful flotation. Technology Project Services, which fills vacancies for engineers and technicians in the defence and electronic industries, got off to a bad start last week, as did Ernest Green, the market's first structural engineer.

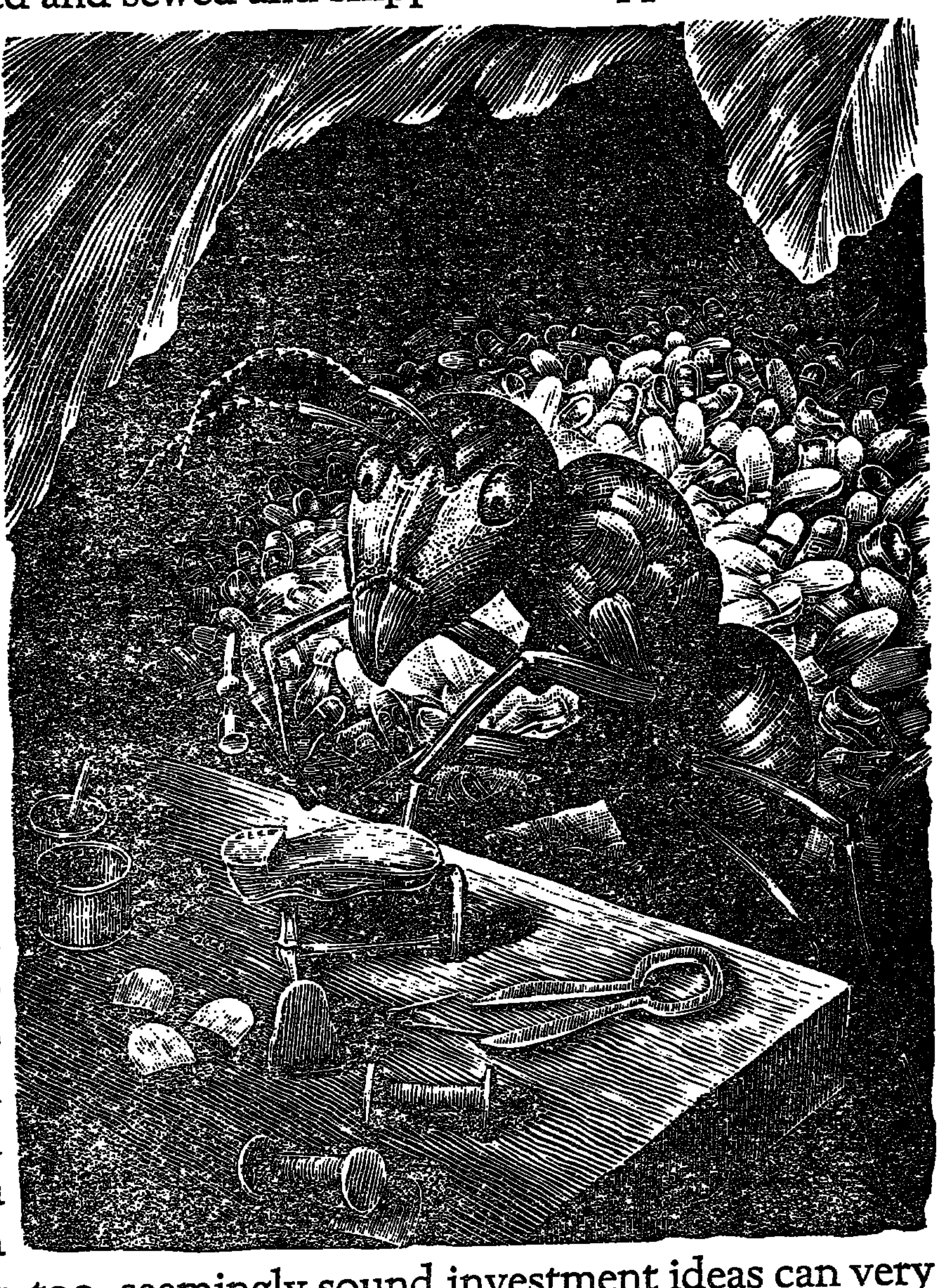
Lodge Care, which runs old folks' homes on the South Coast, has proved the second most profitable investment out of the latest batch. The company's market is growing as the populataion is ageing; and in any case it would have only taken a small contribution from each of the company's inmates to get the issue away since only £1m was being raised.

Meanwhile, Lee International, which lit nearly all of the films made in the UK last year, and came to the market surrounded by a good deal of showbiz pazzazz, has made a poor deubt on the stock market. Its failure is a good example of what a couple of adverse reports in the press can do to an issue, which otherwise looks set to go fairly well.

*Advice to the unwary abroad in the City, or*

# THE ANT WHO WAS LEFT WITH SHOES ON HIS HANDS.

THE ant rubbed his legs together in glee. The air was heavy with the scent of lavender and apple blossom, but all he could smell was the stench of filthy lucre. From beneath the cool canopy of an oriental poppy, he watched intently as a pack of voracious caterpillars munched a nearby cabbage. As he watched, he murmured quietly to himself. "Fifteen thousand eight hundred and ninety three . . . Fifteen thousand eight hundred and ninety four . . . Fifteen . . ." Later that day, in his workshop beneath a great floppy begonia leaf, the ant hammered and sewed and snipped and clipped, whistling and chortling to himself all the while. At last, twenty thousand pairs of tiny brogues, high heels and Wellington boots came rolling off his miniature production line. He had invested his life savings in the scheme, but soon he was going to be rich. Shaking with excitement, he rolled back a corner of the damp, dewy leaf and peeped out. His jaw dropped. All those lovely new customers were nowhere to be seen. Instead, a flock of large white butterflies was grazing on the cabbage patch. The ant scratched his antennae in disbelief as the butterflies flitted nimbly away, taking with them his dreams of fame and fortune. He'd even have to cancel his holiday in the Antilles. Disconsolately, he pinned a little note to a nearby rhubarb stalk. "Half price shoe sale. Small sizes only." But if only he'd paused for a moment's reflection to take a long-term view of the situation. In the tangled undergrowth of the City, too, seemingly sound investment ideas can very rapidly lose their legs. With the resources and the experience of one of the largest investment management organisations in the country, Mercury can provide you with the discerning judgment you need. For the details of our ten unit trusts, please write to: The Client Services Director, Mercury Fund Managers Ltd., 33 King William Street, London EC4R 9AS (01-280 2800) or get in touch with your usual financial adviser.



MERCURY UNIT TRUSTS

Investment by Mercury Warburg Investment Management Ltd.

Financial Services Bill

# After the polished patter stops

**John Butterfield reports on investments and salesman's sweet talk**

THE smooth-talking young man from "Conpro Financial Services" is in your sitting room explaining in a well-rehearsed way his company's latest investment proposal offering unique growth prospects and a secure future for your family. He is visiting you following a telephone call when he explained that he had been recommended to contact you by a "friend."

As the polished patter continues, it begins to dawn upon you that you are being given very little information by way of hard facts other than that the "investment plan" will guarantee a fixed sum in 25 years' time or to your family on your death and that you will be entitled to share in his company's "profits" in a way that does not seem very clearly defined.

In particular it seems to you that the following information is not being provided:

● Any information on what portion of your payments will go towards his company's "costs" rather than be invested on your behalf.

● What proportion is allocated to provide the life insurance premium.

● What effective rate of interest you are being offered to accumulate to the guaranteed fixed sum.

● What right you would have to repayment and how much would be repaid if you found yourself unable to continue the plan at any time in the next few years.

● Precisely how and to what extent you will be entitled to participate in his company's profits.

At this point you also begin to wonder how much commission he might be earning from signing you up.

Not being one to buy a pig in a poke you ask him to answer each of your concerns. He tells you that it would be impossible to calculate the answers to the first four questions and that, in any event, the information would not be meaningful and would be only likely to confuse you. He can, however, give you an "illustration" of what repayment you might be able to expect if unable to continue the plan, although he emphasises that this is by way of example only and can in no way be guaranteed. What really matters, he tells you, is his company's reputation and the certainty that you will receive the guaranteed sum on death or at the end of 25 years.

You press him on the profits point and he finally admits that you would have no actual right to profits and that it would, in fact, be at the company's discretion whether any were paid at all or at what level.

"What about your commission?" you ask politely. He explains that it is paid at the standard scale laid down by the industry. "But, how much is that," you ask (less politely). Again he explains that if you sign up now you will be sent a form in a few days asking if you still wish to go ahead with the investment plan and that at that time you can fill in another form asking his company to let you know the rate of commission they are paying . . .

At this point you show him the door. Or do you?

What he has been trying to sell you is a "with profits" insurance policy of the type that has been sold to millions of your fellow citizens over many years.

Most of them will have bought such policies based on even less information than is being offered to you—indeed, much of the additional information is only a proposal for investor protection set out in the lastest document entitled "Life Assurance and Unit Trusts and the Investor" published last month by the Securities and Investments Board/Marketing of Investments Board Organising Committee.

If the rules are properly enforced, this should work well. However, the standards of product disclosure, commissions and management charges will still fall far short of those that the new legislation will require of all other forms of "investment" including "unit-linked" life policies. "Unit-linked" policies are already subject to the much more demanding disclosure rules laid down by the Unit Trust Association although, even in this case, some companies have devised different classes of "unit" within one policy which at times conceals quite cunningly the heavy "front loading" of charges.

As a result of points raised during the committee stage of the Financial Services Bill in the Commons, Michael Howard, the Minister, agreed to ask the Securities and Investments Board (SIB) together with MIBOC (Marketing Investment Board Organising Committee) to bring forward revised rules.

Since the publication of the SIB/MIBOC proposals, I, and other committee members have met MIBOC to express our dissatisfaction. I have also met the chairman of the Association of British Insurers. The common line arising from these latest discussions is that "insurance policy investments" of this type are a "special case," that it would be too complex and costly to provide the additional information suggested and that in any event it would only confuse the investor.

I, and many members of the standing committee and the House of Lords, do not agree. MIBOC and the industry must try harder and think again.

**John Butterfield MP**

# To what purpose

THE WHOLE purpose of the Financial Services Bill is to protect the consumer. Yet, in most of the discussion and proposals put forward by the Securities and Investments Board (SIB) and the Marketing of Investments Board Organising Committee (Miboc), the impression is given that vested interests are the ones being protected.

Recently, Sir Kenneth Berrill, chairman of the SIB, spoke to delegates at the annual conference of the National Association of Pension Funds and spelt out the benefits of the Bill to the small investor, along with an assessment of how far these had been achieved by his organisation and Miboc. Here, in shortened form, is what he said. The benefits include:

● Clarifying the role of the intermediary so that the public knows the capacity in which the salesman is acting.

This relates to proposals from Miboc about separating life assurance and unit trust salesmen into independent intermediaries and company representatives. The latter can sell only the products of the company they represent and must make this clear to the client. It has general, though in some areas reluctant, acceptance. Whether such information will mean anything to an individual investor is doubtful. The position on other investments, such as dealing directly in equities, is not clear.

● More disclosure of information about the investment products being sold.

Here, there is considerable dispute over what is best for the consumer. MPs on the standing committee considering the Bill, and the Consumers' Association, urge that everything should be disclosed — including the commission received by the salesman, a comparison with commission on other products, charges, the amount of each premium ultimately invested on behalf of the client, and the amounts paid on early cash-in.

Miboc is proposing much less information, arguing that in many cases the facts are not easy to identify and that they will completely confuse the client. The life assurance industry is adamant that full disclosure will be counter-productive and lead to people not taking out policies.

● Better control over cold calling and advertising.

The Bill puts a primary ban on cold calling but there are provisions for exemptions. Miboc proposes that cold calling should be allowed for life assurance, where it is one of the main methods of selling, and unit trusts, where up to now it has been banned directly.

Again, this proposal has aroused considerable controversy within and outside the life and unit trust industries.

SIB/Miboc has not yet got around to asking for any proposals on controlling advertisements. This is a minefield.

● Better protection of funds, with firms having to keep clients' money separate from their own.

No firm can offer investments or transact investment business unless it is authorised, and one condition will be to keep separate client accounts. This feature is uncontroversial but there are disputes over authorisation, particularly over competence testing. One would have thought that the higher the standard of test, the greater the protection. But since there now are little or no standards required, many practitioners could face losing their jobs. This seems to be the central concern, rather than protecting the consumer.

**Eric Short**



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# IR Pep talk raises hope

THE EARLY critics of the proposed personal equity plans (Peps), announced in the Budget, suggested that they would serve more as tax shelters for the rich rather than to create a share-owning democracy as the Chancellor hopes.

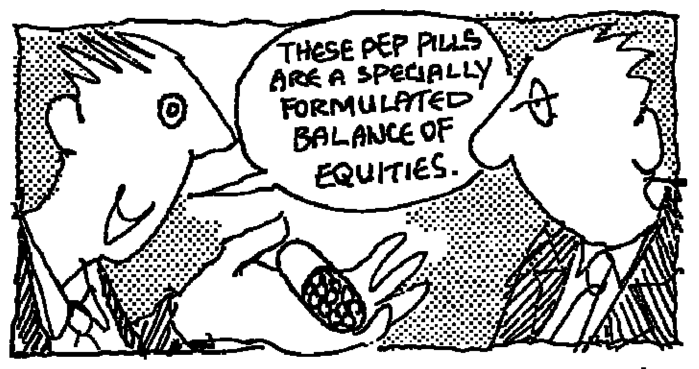
The scheme will permit individuals to invest up to £2,400 a year in shares on which the dividends will be exempt from income tax, and the gains from capital gains tax.

One criticism has been that the limits will not allow the small shareholder to diversify his portfolio (and thus the risk) sufficiently except by purchasing shares in such small lots that the transaction costs would be prohibitive. Another was that, at least for the typical basic rate taxpayer unlikely ever to use up the annual £6,300 capital gains tax exemption, the value of the tax exemption on the dividends from a typical £2,400 portfolio of UK shares will be only about £30 a year, which could easily be eaten up in the Pep manager's charges.

**London stockbrokers, Sheppards & Chase, have devised a special pre-Pep plan. The idea is that you put up a lump sum now to buy a package of dated gilts due for redemption annually over the next five years—1986 to 1990—using the yearly payout to fund your Pep contribution. Under the scheme basic rate taxpayers putting up £10,500 now could guarantee their maximum Pep contributions totalling £12,000 for five years. The company said that the scheme was designed to show their support for the Pep plan concept.**

The detailed proposals for the operation of Peps issued earlier this week by the Inland Revenue are designed to allay some of these fears. One concession is that Pep holders will be allowed to invest some of their money in unit trusts or investment trusts. The maximum amount and other restrictions have not yet been worked out, but should allow the small investor to spread his risks through a managed fund. Another concession is that the small investor may pay monthly instalments into his Pep without having to use the money to buy shares until the end of the calendar year or until his savings reach the limit of £2,400. Meanwhile the interest on his cash can accumulate tax free.

Among the other restrictions, designed to protect small shareholders, are the exclusion from the scheme of shares in foreign companies and of companies quoted on the Unlisted Securities Market. More experienced investors may be able to get around these restrictions, at least partially, by investing in unit or investment trusts that themselves invest in foreign shares or in unquoted or USM-quoted shares.




Those who already have large shareholdings will not be permitted to transfer them directly into a Pep. Payments will have to be made in cash. However, by January, when the scheme takes effect, the London Stock Exchange will be deregulated. Your stockbroker, who could also be your Pep manager, will then be permitted to buy your shares off you and sell them back to you again immediately and at the same price as part of your Pep investment. He may not even have to charge you for such a service. However, by selling your shares to him you may crystallise a capital gain and have to pay the very tax you were seeking to avoid.

The Government does not plan to impose any limits on the charges of Pep managers, but it is likely that many of them will charge less than is necessary to cover their costs in the hope of winning a remunerative client in the longer term. In that case, the tax benefit for a new stock market investor should more than cover the charges, if not in the first year then certainly by the second year, when a second tranche of £2,400 can be invested.

Those who already own a portfolio of shares should consider two possible strategies in preparation for the introduction of Peps seven months hence. One would be to use your Pep as a tax shelter for the income from those of your shares which yield high dividends. Your Pep would thus be filled with the most depressing representatives of smokestack industries, companies on low price-earnings ratios fending off takeover threats only with the support of high dividend yields.

This strategy would be particularly suited for younger investors in high rate tax brackets whose share portfolio is probably not large enough to make them liable to capital gains tax, unless they are very lucky.

Many retired shareholders, however, will be in the reverse situation, as basic rate taxpayers sitting on large share portfolios full of unrealised capital gains. They should consider using the Pep for their most volatile shares, even if the dividend yields are low. If the shares soar in value they can be realised free of capital gains tax. If they slump, the shares can be withdrawn from the Pep prematurely, thereby making it void. This will allow the shares to be sold to create a capital loss which may then be offset against other realised capital gains in the portfolio.

The proposed rules published this week will require you to maintain your Pep investment for a calendar year before the tax benefits become unconditional. In practice that means that if you withdraw your shares before January 1 1989, your Pep will become void.

**Clive Wolman**

Domestic Rates

# Do you pay too much?

IF YOU are convinced that your domestic rate bills are still galloping upwards, then you are right. This year alone they have, on average, gone up by over 13.5 per cent in England and Wales, nearly three times as fast as inflation. In some areas you may well be paying as much as 37.3 per cent more than last year, although in others there have been decreases.

These facts, released by the Institute of Public Finance, have prompted the Consumers' Association to update its Which?—Rates Money Saving Kit.

The kit, a red folder incorporating a series of booklets, is aimed at explaining how your rates are fixed and at helping you to try to get them reduced.

Since the amount you pay in rates is based on the rateable value of your home the easiest way of achieving a cut is by getting the rateable value reduced. Rateable value is calculated from the gross value, based on the theoretical amount a tenant would pay if you let your home, assuming that you as landlord paid for the repairs, maintenance and insurance. Current gross valuations are based on rents at the time of the last revaluation. In England and Wales this was in 1973, in Scotland it was 1978.

To get your rateable value reduced you have to either prove that the gross value of your home is higher than those of similar houses in your area. Or point out disadvantages, disturbances or nuisances affecting your home which were either overlooked when your home was last revalued or have cropped up since.

The Which? kit provides a "nuisances" checklist including nearby fish and chip shops, pubs, caravan sites, a milk depot or builder's yard as well as kennels. Proximity to an airport, motorway, railway or busy road, along with noise and disturbance caused by building works or excessively heavy traffic, are other possibilities.

The valuation of your home might be also lowered by "offensive-looking things" such as nearby rubbish tips or warehouses or the odd electricity pylon gracing your back garden. Lack of street lighting or made-up roads, recurrent flooding, even if only of your garden, are other possibilities. Shared access to home or garage or even difficult access due to a sharp bend or steep hill could also reduce your rateable value. Inside your home rooms with little or no natural light or those with low sloping ceilings or even rooms that lead off one another could also warrant a reduction.

The kit also tells you how to canvass your neighbours' support where you suffer common disadvantages, as joint action may strengthen your case. The kit gives a step-by-step guide through the basic procedures with tips to help you succeed.

Unless you have a very clear case it urges you to spend time in preparation and to be ready to "fight on even if you appear to be losing at first."

In most cases it is not worth engaging the services of either a solicitor or surveyor. Apart from costing you money—anything from £20 an hour—the Which? kit reckons that it won't necessarily improve your chances. In most cases your appeal shouldn't cost you anything, unless it is one of the few cases which reach the Land Tribunal when there might be legal fees and costs, if you lose. These would rarely come to more than £50 or so.

Do not expect too much. According to Which? some of its readers who succeeded in claiming a reduction got their gross values reduced by £50 or more but most received only between £10 and £20 off.

If you are entitled to a reduction do not expect the valuation officer, who in England and Wales is employed by the Inland Revenue rather than the local authority, to point this out to you. It is up to you to claim it.

One you have provided the local authority with all the necessary information your claim should be processed within 14 days. If successful, any benefit will be backdated to the April 1 before the claim is made. If there was a mistake in the original valuation the reduction can be backdated for up to a further six years.

The Which? kit warns that any appeal for a reduction in value might also expose you to potential increases by drawing attention to any home improvements you may have carried out since the original, or last, valuation.

It provides a checklist of improvements which, when you are applying for a reduction, could actually increase your gross value and so offset any savings you achieve. These include central heating, loft conversions, adding or converting rooms or building a garage, car port or conservatory.

The kit also deals with two other ways by which you may cut your rates bill—rebates for those on a low income and rate relief where someone in the household is disabled.

**Margaret Hughes**

Business Expansion Scheme

# A look at the old issues

IN THE WEEKS before the end of the taxation year, letterboxes are deluged with prospectuses and proposals from a motley assortment of companies seeking to raise capital through the Business Expansion Scheme.

Some issues succeed, others sink without trace. But once the issue is closed and the capital salted away, what happens to the companies that the business expansion scheme helped to found?

Walker Bagshawe launched a business expansion scheme in November to raise capital to open an art gallery in Chelsea and to augment its collection of late 19th and early 20th century paintings.

Before the issue Walker Bagshawe had functioned as a partnership in which two art dealers — Caryl Walker and Nicholas Bagshawe — worked from their homes buying and selling Edwardian art.

"The time had come to expand the business and, ideally, to open our own gallery," said Nicholas Bagshawe. "Given that most of our established customers live in the SW1/SW3 area premises were almost certain to be expensive."

With the proceeds of the issue, just under £250,000, Walter Bagshawe bought the lease of its gallery on Walton Street, Chelsea, fitted out the premises and spent more than £100,000 augmenting its art collections.

The gallery still specialises in Edwardian paintings, but has added more expensive works—by artists like Harold Harvey and Walter Sickert—to the collection as well as fin de siècle sculpture and Art Nouveau furniture.

"We would have opened a gallery even without the business expansion scheme capital, but not on the same scale," said Nicholas Bagshawe. "Before the issue we bought some paintings that really excited us and others simply because we knew they would sell. After the issue we have had the chance to take our time in finding the right paintings and in building up a really exciting collection."

The company still has more than £50,000 left of the capital raised by the issue and will use it to acquire paintings and sculpture for exhibitions at the gallery.

The Leading Ladies Business Expansion Scheme surfaced in January as an exercise in positive discrimination by raising capital to invest in businesses and business ventures run by women.

The issue raised £250,000 which has since been invested in five businesses. Each company applying to Leading Ladies for investment is scrutinised by a committee of five leading businesswomen, including Jennifer Laing, the deputy chairman of Saatchi & Saatchi, and the science historian, June Goodfield, and by the accountants Peat Marwick Mitchell.

Leading Ladies has opted to invest in two established businesses. The fashion designer, Sheelagh Brown, has received capital to broaden her business base and to develop her next collection; as has the knitwear designer Pamela Currie Designs, which needed capital to increase production in order to develop export markets in the US, Italy and West Germany.

Three start-up ventures have also received investment; an interior design company specialising in stencilwork, which plans to expand from its West Country base by opening London and Edinburgh showrooms; Cachet, a magazine for what are euphemistically called "larger" women; and a software house which is developing programmes for dietary control.

The group behind Leading Ladies has decided to repeat the exercise and Leading Ladies II will surface in June as an open-ended issue which will invest in women-orientated projects throughout the year.

Perhaps the most esoteric business expansion scheme of the past taxation year was that of British America's Cup Challenge which raised £3m in February to finance the British entry in next year's America's Cup yachting event in Perth, Australia.

British America's Cup Challenge has designed and developed two boats, one of which will be entered in the event. The first boat, Crusader, has a relatively conventional version of the controversial "winged keel" pioneered by the Australian entrepreneur, Mr Alan Bond's, Australia II in the last America's Cup. The second boat, which has yet to be named, will use a radically designed keel and is, potentially, much faster.

Crusader arrived in Perth five weeks ago and has since been tested in races against the South Australia, a boat owned by a South Australian syndicate.

The second boat arrived in Perth on Tuesday and will spend the next four weeks being rigged and trimmed in preparation for tests against Crusader.

All the members of the support crew and the technical team are already ensconced in Perth, where the British America's Cup Challenge has acquired and converted a colonial house, dubbed the Crusader Castle, as its base for the Cup. The Crusader's crew has also arrived, as has part of the second boat's crew.

Whichever of the two boats emerges as the faster in tests will be entered as the official British entry in the Cup. The first Round Robin race will be held on October 5. The event then progresses through two further Round Robins, semi-finals and finals, and eventually to the race against the last America's Cup winner Australia II, at the end of January.

**Alice Rawsthorn**

FINANCE & THE FAMILY



**Margaret Hughes takes a new look at holiday insurance after some strange experiences in the Soviet Union**

# Chernobyl and the small print

THOUGH MORE and more holidaymakers now take out travel insurance how many look at the small print?

Having taken out my own travel insurance for the first time I set off on a seven week sabbatical recently feeling smugger than usual. Only later, when I had lost some air tickets in Bangkok and shoes had "disappeared" from outside my hotel room in Shanghai did I start taking an interest in the small print. I then discovered that I would have to pay the first £10 of either claim, but still congratulated myself on having for once had foresight.

My perusal of the small print did not go far enough for me to register that my policy, in common with other travel policies, excluded "any legal liability of whatsoever nature directly or indirectly caused or contributed by or arising from:

- ionising radiations or contamination by radioactivity from any nuclear fuel or from any nuclear waste from the combustion of nuclear fuel
- the radioactive, toxic, explosive or other hazardous properties of any nuclear assembly or nuclear component thereof."

Even if I had noticed such exclusions I would hardly have expected to be affected. But as I, and the 100-odd students evacuated from Kiev and Minsk in the Soviet Union after the Chernobyl nuclear accident were soon to discover, this exclusion clause would loom large in our lives.

The Chernobyl nuclear accident happened when I was midway between Moscow and Leningrad, though I was not aware of it at the time. I first heard about it on my return to Moscow for May Day from where I was to resume my Shanghai to London rail journey—which had taken me across China, Mongolia, Siberia and was to take me, I had hoped, through Belorussya, Poland, East and West Germany, Belgium, and thence across the Channel to Dover and ultimately London. But the advice from the British Embassy in Moscow, in turn advised by the Foreign Office in London, was that no one should travel to either the Ukraine or Belorussya "unless absolutely necessary" (this later included Poland also).

After counselling other sources in the few hours available, including the West German Embassy, across whose territory the train would travel, the consensus was that I should abandon the train journey and fly back to London. But the cost of flying back was high—about £500—not funds that were readily to hand at the end of a seven-week trip. Luckily even Aeroflot accepts credit cards!

It was only when airborne, in common with evacuated students and a group of Saga Travel tourists, whose holiday had been cut short by the nuclear accident, that I investigated fully the "nuclear exclusion clause." Comparing our respective travel insurance policies we were somewhat confused as to the extent of the clause's application. Did it just apply to medical expenses, personal or baggage loss or damage, or extend as far as enforced changes in travel plans?

The short answer is that it applies to all aspects of travel insurance just as it does to any other type of policy taken out in the UK, be it household, motor or whatever. According to the Association of British Insurers this is because in this country—under the Nuclear Installation Acts of 1965 and 1969, later ammended by the 1983 Energy Act—the licensed operator of atomic reactors are under "absolute liability" for "injury to people or damage to property due to the escape of radioactivity" to the extent of £20m up to a period of 10 years for each installation. Any compensation in excess of this amount and up to 30 years has to be met by the British Government and by signatories to the Paris Convention on Third Party liability in the field of nuclear energy.

This may be a valid reason for incorporating the exclusion clause in policies which apply to events in the UK but would seem to have little bearing on travel insurance where nuclear accidents that may affect travellers will inevitably occur outside this country, as at Chernobyl. According to the ABI there is similar compensation legislation elsewhere in Western Europe and the US but since the Soviet Union has yet to notify the Vienna Convention on nuclear energy the traveller would not necessarily have the same redress.

Though so far there have been no such claims the insurance industry would apply the exclusion clause for any long term medical treatment resulting from the Chernobyl accident, though policies, such as those offered by Travellers Insurance of the Commercial Union group which were taken out by both the students at Kiev and the Saga Travel group, would in fact meet short term medical expenses for a period of up to six months.

The exclusion clause would also apply to anyone who decides to cancel previously arranged holidays to the Soviet Union—in insurance parlance showing a "disinclination to travel." In practice, though, most tour operators who specialise in travel to the Soviet Union such as Progressive Tours, which arranged the students' travel, Yugotours and Saga Travel are offering alternative holidays or credit vouchers for future holidays.

When it comes to curtailment, or changes to travel in mid-holiday, the exclusion clause should strictly speaking also apply. But in this instance where the tour operators do not themselves refund either the unused travel costs or where additional costs were incurred by the traveller, insurance underwriters have now indicated that they will deal sympathetically with claims for such additional expenses resulting directly from the Chernobyl accident. So too would Derek Fisher Partnership, claim settling agents for policies issued by members of the Association of British Travel Agents (ABTA).

Norwich Union, for instance, likens the situation to the typhoid outbreak some years ago on the Greek island of Kos when holidaymakers who cut short their holiday were able to claim on their policies even though they had not themselves contracted the disease.

In the case of the students evacuated from Kiev, Progressive Tours itself met the cost of flying the students back, put at some £45,000 though it may ultimately turn out to be less. It has also taken on the responsibility of negotiating with Commercial Union claims on the students' Travellers Insurance policies. In the students' case there is the further problem of the £1,000-odd paid in tuition fees for a three months course, of which only two weeks had been completed.

Progressive Tours is optimistic that it will be able to come to an agreement with the Soviet authorities for recovery of the unused fees or at least their transfer to courses at other Russian universities at a later date; many of the students need the period of overseas study as credits towards their degrees.

Saga Travel has either offered alternative holidays or credits to their customers who had their Soviet holiday cut short. Those who prefer are being offered a refund with the travel company which is again taking responsibility for negotiating the claim with the insurance company. Saga argues that its travellers were acting on the advice of the Foreign Office. American Express, having initially said that the exclusion clause would apply to any claim, have similarly indicated that they would respond sympathetically.

But while travellers seem likely to get a sympathetic response to such claims arising from the Chernobyl nuclear disaster, there seems to be a case for a review of the travel exclusions clause, bearing in mind differences in national legislation relating to the nuclear industry.

[redacted]

Investor's tale: Kevin Goldstein-Jackson investigates stockbrokers' tactics

# Country virtues

I HAVE been a modest investor on the Stock Market for a good number of years, starting with small deals involving only a few hundred pounds each. *Now* I have a share portfolio worth over £200,000.

With all the talk of the "Big Bang" to come, and stockbrokers apparently falling over themselves to cater for private clients, I thought it was time that I looked further afield than my relatively small provincial broker. The firm has handled my deals excellently over the years, even if they do believe that "settlement day" is the day they post their cheques for share sales so that sometimes the money is not actually received until three days after settlement day.

Should I try a London broker instead? The commission I generate is not that high. For example, in 1985 I bought shares on 22 occasions and sold shares on 19—usually three or more deals being done at the same time on the same day. *In the* process, my stockbrokers gained £3,706.48p in commissions (before VAT).

I had felt that this level of dealing was unlikely to interest


a very large firm or, if it did, that I might get lost within it. In any event, I am not that interested in general investment advice.

The last time I took the advice of a stockbroker he said: "You like speculative low-priced shares—why not try Bambers Stores? At *least* they've got good assets." A few weeks afterwards Bambers were *suspended* and I lost the entire investment of £2,390.

I much prefer to do my own research into a company, look at its Extel card, and so on, and rely on my own judgment: at least then I have only myself to blame if things go wrong.

Eventually I contacted a fairly small London broker and they seemed keen to take me on as a client. They even provided a computerised print-out of my investment portfolio giving yields and other useful information on each of my investments.

After using this broker a few times I thought I would compare his deals with those of my provincial broker. So I phoned both brokers within five minutes of each other and asked them at what price they could buy a particular share. I know it is the jobbers who make the market and set the *price spread for each share, but* it is the job of a stockbroker to earn his commission by getting shares *for* clients as cheaply as possible. I was somewhat surprised to discover that *my provincial stockbroker on* several occasions quoted prices after the London broker that were as *much* as 2p to 4p cheaper — and, indeed, pur*chased* the shares *at these* quoted levels. But then my provincial broker does also have a small *London office. I there*fore continued to use both brokers, as both had their advantages.

Shortly after I began using the London broker, one of its senior partners phoned to ask if I was happy with his firm's service. I said that I was quite happy—why did he ask? He replied: "I thought you were moving to X" and named a medium-sized London broker.

"Why do you think that?" I asked. And here he confessed that stockbrokers have a secret reference system. I had visited the Money exhibition at Olympia in early October and had entered (without success) a number of free competitions at various stands—including a competition at X's stand. I had also told a representative of X *that I'd be interested in having* details of their services.

Without contacting me again to see if I actually wanted to be *a* client, X put my name on the secret reference system whereby brokers are given names of various new clients and are asked to indicate if they have had any problems with them—like non-payment of bills.

Naturally, I thought this a bit of a cheek and told my small London broker that I would certainly never deal with X—especially in view of their behaviour.

My provincial broker never commented to me on X. Maybe it is only the London firms that operate this secret vetting system. But, for the first time ever, this year my provincial broker sent me a most useful investment calendar.

I then thought I should expand my investment horizons. I know I could get an "*international spread*" by investing in a unit trust or an investment trust—but they provide too *much of a spread to produce* the really spectacular gains that can be made by concentrating on a *few* companies and following them closely.

Knowing something about Hong Kong and the US I asked my provincial broker if he could buy shares in those countries for me. He told me that the US presented no problem, but if I were to purchase shares in the smaller companies in Hong Kong rather than the major ones, then I would probably be better off dealing direct with a Hong Kong broker.

Maybe, I thought, one of the large US brokers with an office in London—and offices around the world—might like me as a client; after all, the US brokers were often held out as the example of what stockbroking will all be about after the "Big Bang": lower commission rates for certain clients; the ardent wooing of private investors; dealings in almost any country in the world; and so on.

One US broker had an attractive advertisement in a UK newspaper. I clipped the coupon for further details of interest to private investors thinking that, in return, they would send details of their firm, commission scales, terms of business, and so on. Instead, I got back a badly typed two-paragraph letter (which even managed to spell the name of the firm wrongly) and which merely thanked me for my enquiry and told me that the firm was the "financial services arm" of a named major US corporation and attached a 4-page photocopy of that month's recommended shares. I therefore struck that firm off my list.

# Jobs for the boys and girls

**A FREE 128-page directory of holiday jobs for students in the UK, Europe and the US is being offered by TSB England and Wales to full time students who open a TSB cheque account this year. A total of 20,000 jobs is listed ranging from routine ones like grape harvesting and chalet minding to more adventurous jobs such as trail clearing in American national parks, working on archaeological digs or becoming a circus clown in Scarborough.**

**The book gives background information on each job, pay, hours of work and what experience is required. The directory, entitled Holiday Jobs for Students, is claimed to include 2,000 extra opportunities compiled especially for the bank.**

**The offer of the jobs directory is part of the TSB campaign to woo student customers.**



# Separate treatment for pensioners

**I help an elderly aunt with her financial affairs, including her tax returns. She holds power of attorney for her husband who is senile and permanently resident in a nursing home. They are, therefore, separated in fact if not in spirit, and the separation is likely to be permanent.**

**I have been looking at the wording of the Income and Corporation Taxes Act 1970, Chapter IV, s.42 and the Capital Gains Tax Act 1979, Schedule I, Section 3, sub-sec. 3 (1). Am I correct in concluding that in the circumstances described;— (a) For the purposes of income tax my uncle and my aunt may be treated as two single persons, each entitled to the single person's allowance? In their case this would be age allowance since each has an income below £9,400. (b) For capital gains tax each is entitled to the £6,300 exemption?**

**I should perhaps add that each of them enjoys an investment income in his/her own name; each has a NI Retirement Pension (my aunt's on the strength of her husband's contributions); and my uncle has a small occupational pension.**

*Since subsection 2* of section 42 of the Taxes Act contemplates a married woman "living with" her husband at a time when they are on opposite sides of the globe, it seems clear that the *expression "living with"* and "separated" are to be construed in the matrimonial sense, *not in the geographic sense.* Would your aunt describe herself as "separated" on, for example, a DHSS form asking for her marital status? The fact that she has apparently carried out the procedure prescribed under the Enduring Powers of *Attorney Act 1985 suggests that* she is not separated in the matrimonial sense.

BRIEFCASE

## No tax on sick pay

**My husband has been off work** *for some time due to illness,* **and is now making a claim on a private health insurance policy** *which will pay a* **monthly income until he returns to work.**

*The insurance company* **has stated that the income will not be taxable until benefit has been payable** *for a period* **longer than one complete tax year, but the local tax office has stated that because the benefit is paid due to absence from work for sickness reasons,** *no income tax on* **this is payable regardless of how long benefit is paid. What is the actual tax position, bearing in mind that the income from the policy will be more than the married man's tax allowance in a complete year.**

*The company* is right. Ask your local tax office for a copy of the free booklet of extrastatutory *concessions, IR1 (1985) and* look at concession A26. The counter staff at tax offices are *generally fairly junior, and* their opinions and advice appear (from our postbag) to be less reliable than the public has a right to expect. This reflects the increasing complexity of the tax laws, and the growing number of officially *authorised departures from the* rules laid down by Parliament. The majority of tax officers and inspectors undoubtedly do their best in a confusing situation.

## Currency conversions

**Having read the interesting article March 15 which describes the devious method used by credit card companies to convert foreign currencies into sterling, I should be glad to know if there is any legally binding exchange rate** *for the calculation of other debts incurred abroad. For* **example, if a traveller on** *returning home* **has a valid** *claim on his holiday insurance,* **at what exchange rate should** *the insurance company* **calculate the amount due in sterling?**

There is no official exchange *rate available for calculating* the conversion of sums such as you envisage; although you *would have ground for com*plaint if the rate differed materially from rates quoted by, say, the clearing banks (which may differ from one bank to another). On an insurance claim the normal date for calculation would be the date *of acceptance* in England of liability under the claim, or, possibly, of payment; but sound *arguments can be advanced for* other dates in particular cases.

## Clawback unlikely

**I am a German and currently studying here in the UK. As part of my course I have done an industrial placement with a UK company in London. As I am covered by my parents under the German national insurance scheme can I recoup the NI contributions I have made while employed here on my placement?**

We do not think that you can recoup your National Insurance contributions where your cover in your home country is not by virtue of your own contributions there.

## Divorce and the rates

**My wife and I separated in November 1982 and were subsequently divorced in June 1983. She and the children** *continued to live in the* **matrimonial home until July 1983 when it was sold and she received the sale proceeds. My local authority is demanding from me over £200 in rates for the period from April to July 1983 (after I had left). Please could you tell me if it has any statutory authority for insisting that I should be responsible for this period. Incidentally, I did inform the** *authority in February 1983* **that I was no longer at that address.**

If you were not in occupation you are not responsible for rates; it is however likely that you were in occupation notionally, through the agency of your wife, from April 1 1983 until at least the decree absolute (if there was no formal separation *agreement before the divorce).*

## Interest on monies

**Your reply March 29 to the reader who enquired whether his solicitor should pay him interest on the amount of £80,000 held for 18 days should perhaps have mentioned also that the rate of interest is a very important factor. I believe solicitors invariably accept a bank's normal interest rate for clients' funds held on deposit, whereas it is well** *known that all the clearing* **banks offer more attractive money market rates for amounts in excess of £25,000. Now that some solicitors imply in their advertising that they have** *financial expertise,* **surely they have a duty to ensure that their clients are not** *disadvantaged* **in this regard. I write from bitter experience, my own solicitor having accepted without even ascertaining the precise figure a bank's ordinary deposit rate for funds held for me, and then declining to accept responsibility for my loss.**

The point which you make is an eminently sound one. You may care to make it to the Law Society with a view to encouraging a re-statement of Solicitor's duties in this respect.

## Advice on development

**Having recently inherited a five-acre field with outline planning permission for residential development,** *I wish* **to maximise its potential over the medium term. For someone with only a layman's knowledge of planning procedures and the building industry etc., but with access to around £50,000 capital is it feasible that I should consider embarking upon a piecemeal development of the site over, say, ten years? What degree of professional help would you recommend?**

It should be possible to carry out a phased development, but you must ensure that you get detailed planning permission before the outline permission lapses and that building commences within any time limits imposed by the planning permission. You should obtain advice from a surveyor or other professional person to ensure that you make the best use of this asset.

*No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.*

# Country Property





John Brennan reports a change in attitude to second home buyers

## Lenders encourage idyll talk

WE ARE about to enter a second home buying season unlike any that has gone before. Competition to lend housing finance has ended building societies' and banks' reluctance to fund a country cottage or a villa abroad.

Every year around now city dwellers traditionally venture forth to test the photocopiers of rural estate agents throughout Britain. Details of cottages and old rectories, convertible barns and unused gate houses are gathered from agents who know from long experience that momentary enthusiasm for a place in the country rarely translates into a sale. Holidays abroad spark a similar reaction with an impulsive peak in the number of people writing off for details of villas and timeshare apartments before the tan, and the idea of a sunny holiday home, wears off.

The Department of Environment's latest estimate for second-home ownership in Britain and by British people abroad underlines this gap between interest in buying and actual purchases. Based on household averages between 1983 and 1985 the department arrives at a total of 225,000 second homes in Britain and 55,000 abroad.

Because of the difficulties in working out just how many of the country's 22m houses and flats really are "seconds," and because of the lack of reliable figures on overseas flats and villas since the ending of exchange controls in 1979, the DoE's estimate probably understates the number. Even so, as Mark Boleat, deputy secretary general of the Building Societies Association, says, second homes are far less common in Britain than in the rest of Europe. "Seconds" account for over 10 per cent of all homes in Italy and Spain, and the French and Germans are almost as keen to buy and maintain a home from home. On the most generous interpretation of the figures in Britain the comparable proportion would still be less than a quarter of one per cent.

What makes 1986 different for Britain's would-be second-home buyers is a marked change in attitude of home loan groups to such borrowings.

**Passenham Estate cottages in Northamptonshire fetch between £35,000 and £110,000**

Close on £40bn is expected to be advanced for house purchase this year as a queue of new lenders join the building societies and established bank mortgage departments in the market. The societies plan to lend threequarters of that total, and as they await the legislation that should enable them to make unsecured loans for purchases other than housing next year—when they should also be able to start providing mortgage finance for properties abroad—they are keen to beat off the challenge of domestic and international banks by meeting requests for second-home loans that would have been turned down in past years.

Leonard Williams, chairman of the £12bn Nationwide, says: "We are not antipathetic to second homes although we have felt up to now that an individual should pay a slightly higher interest rate on a second-home purchase, and they would be the first thing to go if mortgage funds became tight." Richard Wheyway, finance director of the £24bn Halifax, echoes that point. "In the days of the mortgage queues second-home loans were not a priority." Now, however, "they are not a problem."

The £6bn Anglia has become, as its director and chief general manager Anthony Stoughton-Harris puts it, "sympathetic" to requests for such loans.

Lending to second-home buyers also appeals to the banks, who do not have the societies' present restraints on loans for properties overseas. John Pegg, manager of National Westminster Bank £3.6bn home loan division, says that "lending for a second home is quite attractive. We'd be fairly relaxed about it, although normal banking judgments would apply."

As with the building societies those judgments are based on the ability of a borrower to take on the extra loan.

Possible letting income from a holiday home is not likely to be taken into account in those calculations, even though 1984's changes in the tax treatment of second homes made them a far more attractive proposition. The present tax system allows income on furnished UK property available to let for at least 140 days a year (and actually let for at least 70 days) to be treated as "earned."

Borrowers will also find that this new interest in second-home lending rarely extends to 100 per cent mortgages.

Neither the banks nor the building societies have hard-and-fast loan rules for second-home finance. It is a case-by-case decision. But they all have ample available funds to lend, and in a borrower's market the area of greatest competition is to increase property secured loans to people with a good mortgage track record.

It is no comfort to those concerned about incomers bidding up the prices of homes in country areas, and about the effect of holiday homes on village life out of season, but 1986 is likely to be the year of second-home buyer.

## Affordable individuality

IF designer jeans can command a premium, what about designer houses? British architects live in the faint hope that instead of carefully tracing yet another sewage outlet for a housing estate or following in the footsteps of some mediocre Victorian speculative builder, they will be discovered by a rich patron and let loose on a building that will make their name.

It rarely happens. Housebuilders do not like to gamble on highly individualistic speculative developments, home loaners become coy about valuations if a property has too original a style, and assumptions about costs tends to rule out a fresh architectural solution if an off-the-peg design is to hand.

The result is a dismal, lowest-common-denominator approach to new building

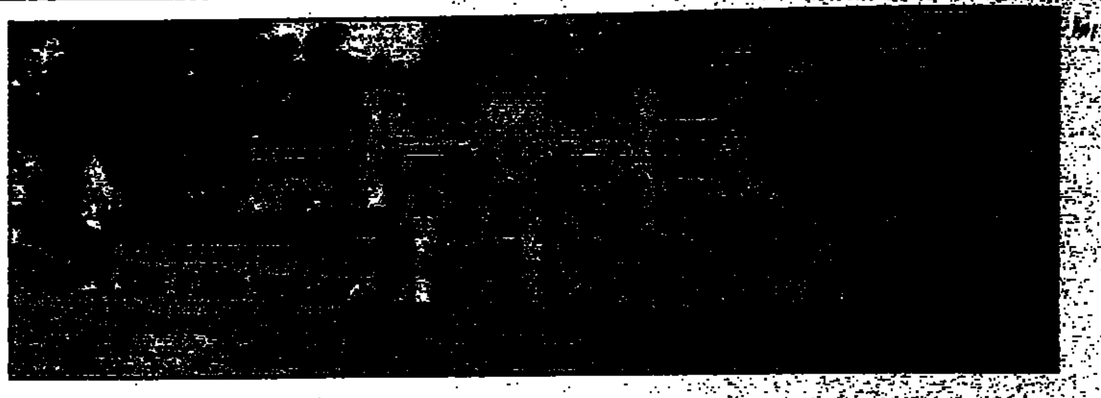
The Belvedere, a five-bedroomed detached house in Golders Green, London, only beat the pressure for an average design because of its site problems. Like it or not, architects Sean Madigan and Stephen Donald have come up with a striking contemporary villa where every detail of the interior has been linked into a design aimed a making the most of the natural light of a south-facing site.

That's the official story.

In fact, the developers, Moyvale Properties, and the local planners were willing to take a chance on this speculative development because the building plot backs on to a London Tube line. Rather than try to squeeze in a standard house shape, the developers let the architects turn the house away from the Tube, into the light and, up rather than down, market to appeal to buyers who would be drawn by its originality rather than be put off by the Tube. The result is a successful marriage of good design and good commercial sense.

The house also helps undermine assumptions that one-off designs are prohibitively expensive. By co-operating on a design-and-build exercise, the developers and architects were able to keep construction costs down to £40 a sq ft. That is competitive with the £30 to £35 a sq ft a developer might earmark for converting a fairly basic flat in central London.

The Belvedere is for sale, freehold, for £320,000 through Ellis & Co (01-455 1014).



## A mock Gothic castle to commute from

VICTORIAN CASTLES tend to be a lot more manageable than the real thing. And when the Hunt family decided to build a mock Gothic castle on the site of its extended medieval farmhouse in the 1830s, there were no architectural conservationists to object.

Many owners later the main house of the Compton Castle Estate, Somerset, ranks as a listed building warranting preservation. The late Herbert Showering and his wife took on that role 25 years ago, carefully modernising the interior of the 12-bedroomed castle and bringing in their Babycham group's land management team to run the 843-acre mixed arable and dairy home farm. Now, Cluttons is handling the sale of the estate for the Showering trustees and is expecting bids of £4m to £5m.

Somerset dairy farms do not fetch that kind of money these days. Even Grade 1 land values are being marked down in sympathy with the slide in lower quality agricultural land prices; thus, the vacant possession home farm, 200-acre let farm and near-200 acres of garden and parkland included in the Compton Castle estate could hardly justify such a price tag.

The fact that this is a commuter castle explains the premium over a purely agricultural value. Compton Castle, seven miles north of Sherborne on the Dorset and Wiltshire borders, is just 118 miles by road from central London, and under two hours' drive from the capital's airports. It is faster into London by rail, and faster still if you use the Westland helicopter or light plane landing strips a few miles down the road at Yeovil.

The estate comes complete with a couple of four- to five-bedroomed farmhouses, one of which is vacant, plus eight farm cottages. Two of those are vacant and the rest are occupied by the estate's present or retired staff. It takes only two gardeners to keep the grounds in condition and to discourage the 25 fallow deer which roam the park from eating their way through the shrubs.

According to Richard Denny of Cluttons (01-499 4155), the Showerings' renovation means that the castle, despite its Gothic pretentions, is no more daunting to run than a large family house.

































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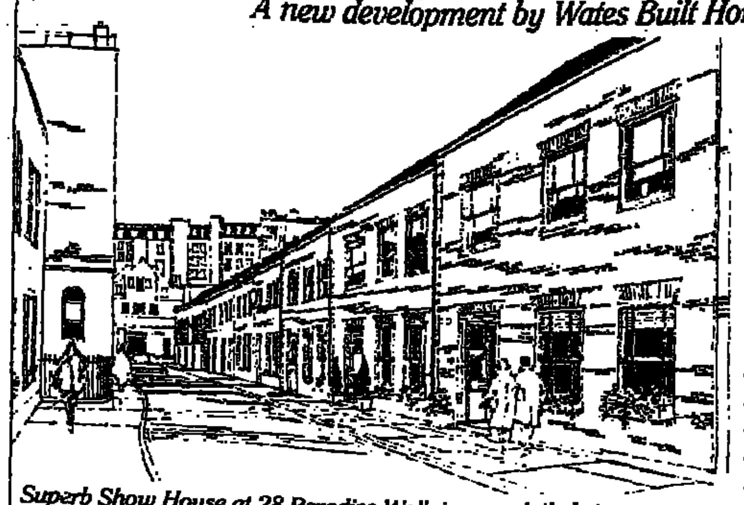
مكذا من الأصل

# London Property

## Paradise Walk, Chelsea, London SW3

*A new development by Wates Built Homes Ltd.*



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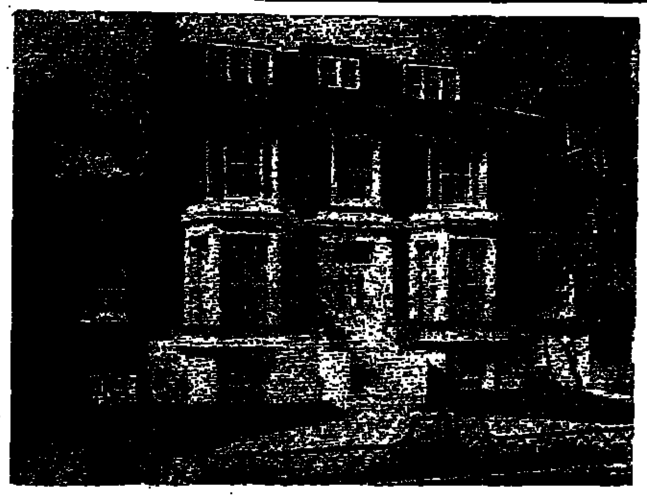

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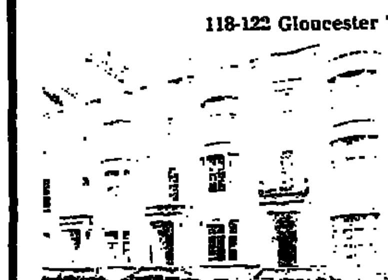

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# Florida—fruit and flamingoes

**Virgin Airways launched its first flight to Florida last month with a bacchanalian free trip for "celebrities" and press. Lesser mortals pay between £358 and £378 return to Miami.**

**Other airlines have rushed to better or match these prices: British Airways is offering return flights to Miami for £249 until the end of May and from June, subject to government approval, is introducing a standby return fare to Miami of £358.**

**British Airways' Poundstretcher deal at all its North American gates gives car hire for £1 a week with seat-only bookings. Pan Am's fly-drive discount deals offer £65 off car hire for each adult.**

**Eastern Airlines has introduced a "fill-up" fare of £139 one way between London and Miami from June 1 to September 30.**

HORACE GREELEY, who said, "Go West, young man" must have been impervious to the charms of Florida. More and more Americans each year heed the call, "Go South." When the migration season starts somewhere around late October, huge V-shaped formations of flying Bostonians and New Yorkers can be seen in the skies, heading for the sun line state.

Florida used to have a reputation as a retirement home for the old and rich. Part of it still are that: especially around the Art Deco mansions and genteelly dilapidated hotels of Miami Beach. But the state has also become an arrival lounge for refugee Cubans (*vide* the Al Pacino film *Scarface*) and a vast Hispanic subculture in its own right. Add to this ethnic banquet a countryside bursting with exotic flora and fauna (orchids, egrets, flamingoes, orange and grapefruit trees), an eternal sun (more or less) and scenery as spectacular in its watery way as the West is in its dry way.

My own route, after a whirlwind stopover in Miami, took me across-state to the Gulf coast. Fort Myers is a riverside town half way up the Florida peninsula, with its own beach resort six miles to the southwest in the form of a 10-mile-long sandspit. Fort Myers Beach is a haven of white sand, warm sea and palm trees. At least it is if you stay near the northern tip, as I did in the Beach Best Western Hotel ($80-100 per room in the high season, which runs from October to April). Further south the beach gets busy and built-up, especially in March.

But you are not in Fort Myers Beach just for Fort Myers Beach; you are there for Sanibel and Captiva. The 3-mile across the Gulf of Mexico water to these two paradisal islands. The first is mostly a nature reserve with weird trees and wild birds and a long beach at the southern tip that is almost ankle-deep in exotic shells.

But Captiva, a smaller neighbour, is even more beautiful. Motor north along its narrow, after-dusk white beach lined with palms and wind-twisted pines and you will think you are in a Caribbean version of the Monterey peninsula. Near Captiva's northern end you can dine at the Bubble Room. This is advertised all over Florida and can be overcrowded, but it's still good value for food and is enclosed in a teetering 1930s cottage whose west country ground-floor bow window is filled with mechanical toys like the Santa Claus.

Back on Fort Myers Beach the best eating is at Mucky's. For $20 per person you can gorge yourself on exotic sea food deliciously cooked: shark, shell fish, lobster, grouper, flounder) and throw in a couple of Manhattans as well. Also do not leave without trying the Florida Key Lime pie, after which you will never touch lemon meringue again.

While in this neighbourhood go on the "Jungle Cruise" boat ride. This costs $7, leaves from Fort Myers Yacht Basin and ventures up the Caloosahatchee and Orange Rivers. Your guide will point out alligators, cormorant and manatees (if you are lucky — they are publicity-shy seacows), great trees bearded with Spanish moss and one famously jungle-like river-bend where Hollywood has for decades been coming back to make movies. The most famous postwar example was *Creature From The Black Lagoon*.

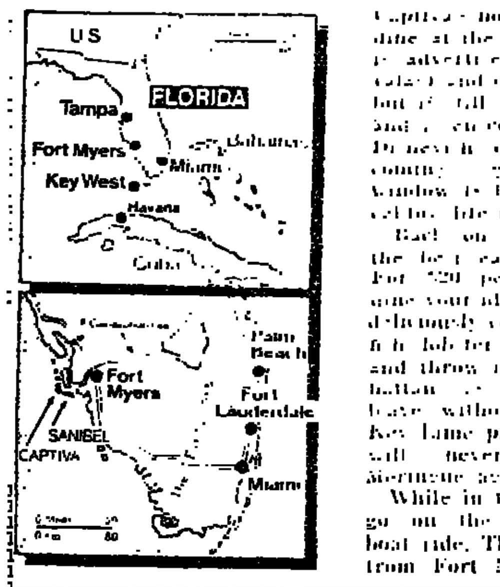
The greatest thrill of the three-hour ride, however, is the spectacle of the pelican, Florida's patron bird. This wondrous creature whose beak, you recall from schoolhood rhymes, holds more than its belly can flaps up and sits on the boat's prow — in ones or twos or threes — for the whole journey. Sometimes it grabs bits of meat thrown by the guides, sometimes it dips riverward for a fish, sometimes it merely gazes dolefully and curiously at the passengers.

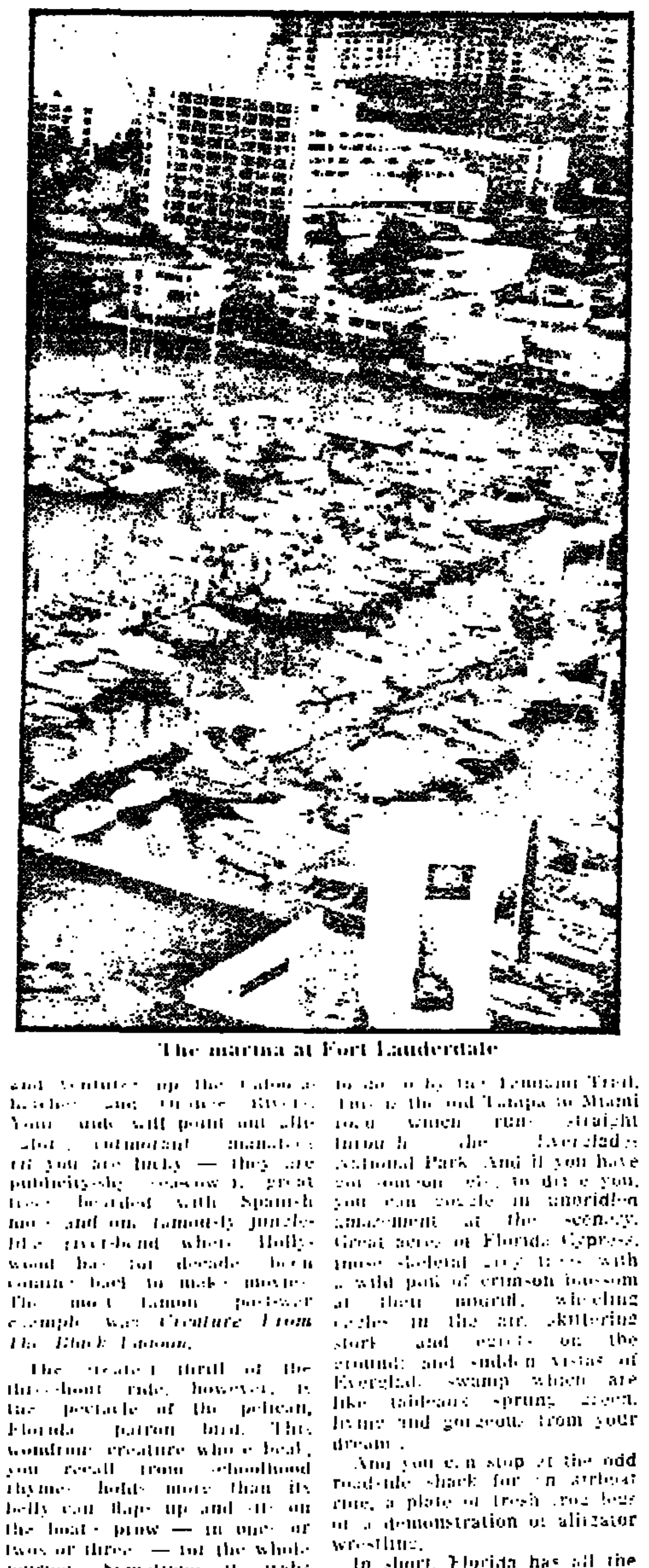
Bird and fauna watching can become an addiction in Florida. When you cross the state, try to do it by the Tamiami Trail. This is the old Tampa to Miami road which runs through the Everglades National Park. And if you have your own car, do try to drive through the amazing wetlands of the Great Cypress Swamp and Everglade. Here you will see a wild pool of crimson blossom at the marshes, wheeling egrets in the air, skittering storks and egrets on the ground, and sudden vistas of Everglade swamp which are like tableaux sprung alive, living and gorgeous from your dream.

And you can stop at the odd roadside shack for an airboat ride, a plate of fresh frog legs or a demonstration of alligator wrestling.

In short, Florida has all the charm of the jungle and none of the aggravation. With a fares war about to break out in the skies over London-Miami, 1986 may well be the year to try your first visit.

**Nigel Andrews**



The marina at Fort Lauderdale

# America's Venice preserved

**STANDING at the prow of his boat, baseball cap shading the morning sun from his eyes the old sailor folded his arms and surveyed the horizon impassively. Seated in the stern was his patient collie, a laid-back Lassie.**

**It took a local resident to explain the significance of this apparently touching nautical vignette. The nostalgic old salt was in fact a hard-headed estate agent on his regular patrol: the horizon he scanned contained some of the best prime waterfront real estate in southern Florida.**

**We were seated by the Karen Canal, one of the many waterways which has earned Fort Lauderdale—25 miles from downtown Miami—the appellation "the Venice of America." The elegant yachts which line the canals could each accommodate a fleet of gondolas: one medium-sized yacht I stepped on was better equipped than any well-appointed London flat. There are plenty of gin-palace motor-boats too, though these are rather looked down on by "real" sailors who dismiss them as "stink pots."**

**Described as the "largest boat-oriented community in America" south Florida is also the home of the spectacular Miamarina, Dinner Key, Crandon Park and Haulover Park marinas, some of which can accommodate yachts of more than 100 ft. But even these are dwarfed by the visitors to Port Everglades: enormous wedding-cake cruise liners from all over the world conveying trippers round the islands of the Caribbean.**

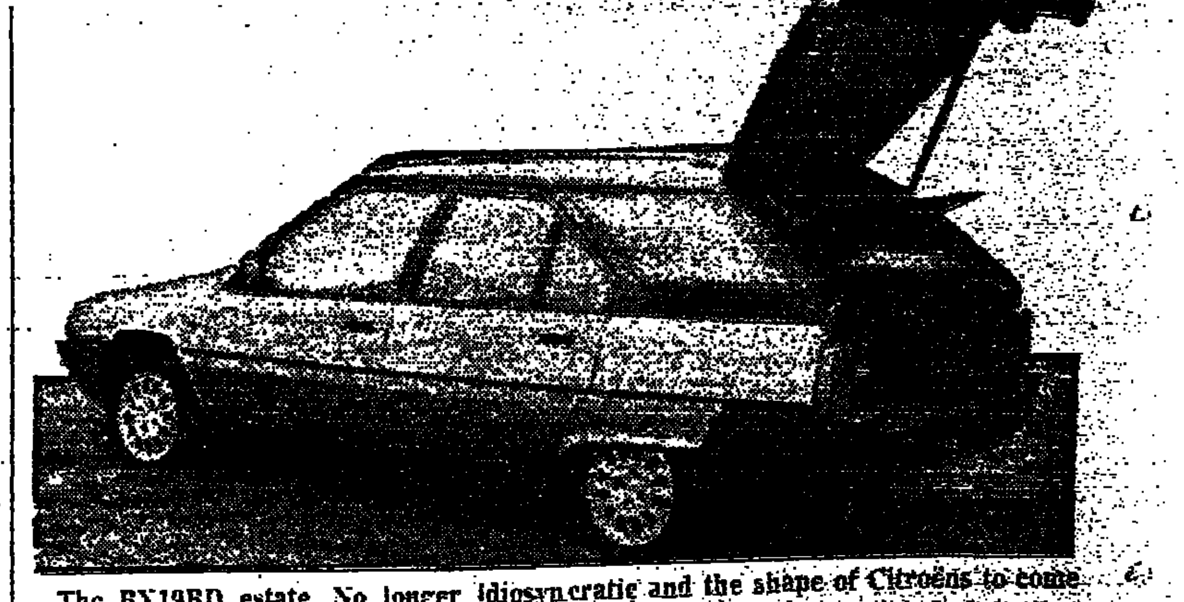
**For divers, there are sunken ships as well as tropical fish to be seen at Fowey Rock Light, Haulover and John Pennekamp State Park. Fishermen casting from piers, canals, beaches and bridges are all rewarded.**

**Back on dry land we headed for Coconut Grove, Miami's tropical Greenwich Village, full of designer joggers and shaded by palms. The Grove's City Hall was originally Pan Am's first terminus, for Maimi was the site of the airline's small beginning. Its first international flight—to Cuba—took off from here.**

**Inevitably, we found ourselves back at a river, choosing to eat in the Cuban-run East Coast Fisheries where you could hang a line out of the window and catch your lunch, if you wanted. Alternatively you could pick from the heaps of exotic fish displayed like caches of tarnished silver.**

**From the river to the ocean—the day was ended on the clean sweep of Miami Beach, watching the sun set behind the city's dramatic high-rise skyline. It was almost enough to persuade one to watch "Miami Vice."**

**Annalena McAfee**



The BX19RD estate. No longer idiosyncratic and the shape of Citroëns to come

# Citroën for all reasons

BUYERS OF Citroen cars in Britain have long been enthusiasts, for the simple *reason* that they had to be. No-one but a buff would have put up with the Citroën's eccentricities.

At first aquaintance, a Citroen can feel very odd. At the bottom of the range, the 2CV, with its chirruping twin-cylinder, air-cooled engine and push-pull gear change does not look, feel or even sound like a proper motor car.

At the top of the range the big CX does take getting used to. The speed-weighted power steering is like no other car's. The pressure-sensitive fully-powered brakes can seem unduly fierce to a newcomer. The ride, though miraculously shock-absorbent, is curiously lolloping as the self-levelling hydro-pneumatic suspension steamrollers the bumps flat.

A couple of miles round the block in a dealer's demonstrator has been enough to *frighten* many a prospective Citroën buyer off. But people who screw up their courage and buy one become hooked on their virtues and turn into committed Citroën owners.

It is rather as if they had found that a friend's punk hair-styled student daughter was really a nice and clever girl underneath, once they had got to know her properly.

There has been another reason for the loyalty of Citroën owners to the *marque*. At car changing time no-one but a Citroën dealer would offer them an aceptable price—and that, naturally, would be against a new Citroën.

Unless one was prepared to take a heavy loss on depreciation, one stayed on the treadmill, like it or not, though I have to say that most Citroën owners known to me seem perfectly happy to have done so. Having made many long continental journeys over the years in DS and CX Citroëns, I understand their feelings. The CX diesels in particular roll up hundreds of miles each day with almost unique relaxation and economy.

All this is changing and the car that has done it is the BX.

This mid-sized hatchback or estate car has broken new ground for Citroën in Britain. It is the least idiosyncratic car ever to wear the famous double chevron badge and manages to be sophisticated but simple at the same time.

So simple and thus so cheap to service is the BX, that even company fleet managers are now buying them, especially the diesels. For years these archly conservative managers would not even buy front-wheel driven cars, which they perceived as new-fangled and potentially troublesome. It took Ford's Escort and Vauxhall's Cavalier to convince them that front-drive was all right.

The BX has won them over because its servicing requirements are minimal (as the advertisements say, it loves driving and hates garages) and its reliability has proved to be good. Even more significantly, the BX has a better residual value than some competitors. For instance, the petrol-engined BX14E is depreciating more slowly than the Maestro 1.3L or Volvo 340DL. And the diesel engined BX19RD holds its second-hand price better than a Vauxhall Cavalier 1.6 diesel hatchback, according to Citroën's managing director, Mr Bernard Peloux.

Although the BX has been in Britain since mid-1983, its sales really took off last summer. Now it accounts for nearly half Citroën's total registrations and more than four BX's in every ten are diesel-engined.

Citroën build quality and corrosion resistance has improved of late. At the factory at Rennes, in Brittany, where the BX is made, Japanese-type production techniques have been introduced and the workers now act as their own quality controllers.

The BX marks a watershed in Citroën's affairs. It has made conquest sales among owners of far more conventional cars, something no Citroën has ever managed to do before in Britain apart from the GS, for a brief period after its introduction in the early 1970s.

Its philosophical approach will dominate Citroën's new-model policy. There will be no more idiosyncracy for its own sake, though the cars will continue to be technically advanced. A new small car, coming this autumn, will be cast in a similar mould to the BX. The large CX models, recently substantially face-lifted inside and out, have several years to go. But when their successors come, they will be strongly influenced by the BX.

Although Citroën is now owned by the Peugeot group and the cars include a growing number of Peugeot components, their personality remains distinct.

The BX19RD estate car in which I have just driven 1,000 miles has the same engine and 5-speed gearbox as my own Peugeot 305 estate and even uses many suspension components but it feels quite different. The power-assisted steering is light in town, accurate on the open road. The self-levelling suspension with adjustable ride height for traversing rough ground smothers undulations beautifully but reacts noisily when the tyres hit a sharp ridge or a deep pothole.

Apart from a muttering tick-over, the engine is so quiet one could believe the BX19RD to be petrol-powered, especially on the motorway, where one has to rein it in to keep down to the tolerated 80-85 mph. At an indicated 90-95 mph the radio may still be enjoyed though fuel consumption suffers. Used sensibly, it easily betters 40 mpg; cruised faster, consumption goes up to around 35 mpg.

The minor controls would please an accordion player with agile fingertips. The giant single wiper has the screen-washer built into the blade—an efficient arrangement—and cannot all cars have a fuel filler cap like the BX's? You unlock the flap and shove in the pump nozzle straight away because there is no separate cap—just a rubber bung attached to the flap.

I find the interior a bit plasticky but the load-carrying space is huge (42 in by 44 in) with the back seats occupied, completely uncluttered and extendable to 5 ft 7 in with the seat down. Central locking and electric front windows are standard, making the price of £7,740 look very reasonable compared with rivals like the Cavalier GL diesel estate (£8,194 without power steering) or VW Passat turbo-diesel estate (also without power steering) at £8,515.

It is even £354 cheaper than a Peugeot 305SRD estate with optional power steering. If the BX was not so hard to see out of when reversing because of the high rear window line I could easily persuade myself to make a change.

**Stuart Marshall**

# The key to Miami

MIAMI boasts "the oldest building in the US"—the 12th-century monastery of St Bernard, shipped out from Spain by the publisher William Randolph Hearst in 1925 and now a gallery of mediaeval art. But, although a fort and mission were in the area well before the Pilgrim Fathers sailed to New England, Miami isn't an old city.

Sightseeing tours visit different areas: skyscrapers down Brickell Avenue, the Cuban area of Little Havana, lavish hotels (the Fontainebleau Hilton is the most famous) on Miami Beach, wealthy homes along the leafy streets of Coral Gables.

The most interesting, however, is Miami's one real historic area, one unlikely to be matched anywhere else: the Art Deco district in South Miami Beach, with 800 streamlined houses and hotels from the 1930s, when Miami first became a holiday resort.

The Villa Vizcaya is the city's stateliest home, a renaissance mansion built in 1915 and now a museum of applied arts. It's surrounded by a small jungle of plants in keeping with the local climate. Other typically tropical attractions are the Parrot Jungle, Monkey Jungle, Orchid Jungle, Fairchild Tropical Garden, and the Seaquarium ("home of TV superstar Flipper").

It's this warm climate that's likely to attract Europeans to southern Florida, and there's plenty of beach for them to lie on, thanks to a £42m project to reclaim it from the sea. More active visitors can swim, ski, sail, dive and windsurf, or go on a cruise of three days or more around the Caribbean—Miami claims to be the world's busiest passenger port.

For those who want to hire a car (from about £10 a day), there's lots to see nearby. Try the Everglades, a 1.4m-acre national park full of rare birds and animals and swampland scenery.

You can ride through on a flat-bottomed airboat or go on short walks which lead past local flora and fauna, from alligators to mosquitoes. Just to the north, the Miccosukee Indian Village gives tourists a look at former tribal life.

Southwest of the mainland are the Florida Keys, a string of islands connected by a highway which is half bridge. Key West, the last, is nearer to Havana than to Miami. Its population, which once included Audubon and Hemingway, now seems to consist mainly of artists and gays and other with the means and will to restore old houses, and open craft shops and boutiques. It's a bit like Covent Garden—but marooned in the middle of a warm ocean.

**John Westbrooke**

# BRIDGE

MILITARY success depends upon an efficient intelligence service. Similarly the pasteboard armies, as Ely Culbertson used to call them, cannot *realise their full potential unless they are supplied with the* vital information. The right message at the right time turns *hit-and-miss bidding into a weapon of precision, and merely sporadic resistance into organised defence.*

Take a look at this hand from rubber bridge:

| | | |
|---|---|---|
| | **N** | |
| | ♠ 8 4 3 | |
| | ♥ Q J 7 | |
| | ♦ J 2 | |
| | ♣ K Q 9 7 6 | |
| **W** | | **E** |
| ♠ Q 5 | | ♠ J 6 2 |
| ♥ A K 9 5 2 | | ♥ 8 6 |
| ♦ 7 6 | | ♦ 10 8 5 4 3 |
| ♣ A 8 5 2 | | ♣ J 10 4 |
| | **S** | |
| | ♠ A K 10 9 7 | |
| | ♥ 10 4 3 | |
| | ♦ A K Q 9 | |
| | ♣ 3 | |

North-South were game and 30 below when West dealt and bid one heart. This was followed by two passes and South reopened the bidding with a double. North replied with two clubs and raised South's bid of two spades to three, which became the final contract.

West led the heart ace, East dropping the eight, and continued with the king, on which East dropped the two — message number one, the peter to show a doubleton. West now led the heart two — message number two, a suit preference signal, asking for a club return, the lower of the two remaining side-suits.

East ruffed and duly returned the club four. West took with his ace and returned another heart, hoping that his partner might have the knave and use it. East knew what to do and ruffed with his trump knave. This technique is known as the uppercut, a most expressive term. This forced the declarer to overruff with his king, and now West's queen was promoted and defeated the contract.

Everyone knows the peter, but many players are ignorant of suit preference signals and the uppercut is a closed book to the average player.

We turn to a deal from a multiple teams-of-four event, in which I was playing:

| | | |
|---|---|---|
| | **N** | |
| | ♠ J 5 3 3 | |
| | ♥ Q | |
| | ♦ A K Q 10 | |
| | ♣ A J 8 4 | |
| **W** | | **E** |
| ♠ 2 | | ♠ 7 6 |
| ♥ J 10 4 2 | | ♥ K 9 3 |
| ♦ 8 7 5 3 | | ♦ J 9 6 2 |
| ♣ K Q 6 5 | | ♣ 10 9 3 2 |
| | **S** | |
| | ♠ A K Q 10 9 4 | |
| | ♥ A 8 7 6 5 | |
| | ♦ 4 | |
| | ♣ 7 | |

With North-South vulnerable, my partner, sitting in the North seat, dealt and opened the bidding with one diamond. I decided to reply with a forcing take-out of two spades. The point-conscious will say that I have only 13 points, but my almost solid spade suit and powerful distribution justify the force. That is the first message — I have a game-going hand. North rebid three spades. That is the second message — I have spade support, and await your next bid.

I rebid four no trumps. Here the Blackwood, that much abused convention is in order. The number of aces is my primary concern. When my partner's response of five hearts showed that no ace was missing, the small slam was virtually certain. To ask for kings with five no trumps is senseless — I wanted specific information about North's heart holding. I bid six hearts. With the small slam implicit, the message was clear — "Have you second round heart control?" My partner, bless him, got the message and said seven spades. Over and out.

**E. P. C. Cotter**

# CHESS

RADIOACTIVE FALLOUT is a surprise visitor to a chess column, but the 1986 USSR championship had the ill-starred distinction of being sited in Kiev and finishing three days after the Chernobyl disaster. Like the cycle racers featured on Soviet television, the chess-players just carried on normally and even the final round, when those seeking an early departure can honourably arrange a quick draw, was hard fought.


Otherwise, the event had two significant aspects. The favourite and top seed Alexander Belyavsky, ranked world number 7 and with recent victories at Lloyds Bank and Vienna, failed miserably, finished in the bottom half, and is likely to drop below Short and Miles in the next world ratings.

Tournament winner was 41-year-old Vitaly Cheskovsky with 11/17, a point clear of six players who tied for second. It was among the weakest USSR championships of recent years as many internationally known Russians prefer to compete in hard currency tournaments in the West.

This week's game virtually ensured Cheskovsky the title and is a significant contribution to a theoretical debate. Black's formation P-KN3, B-N2 and P-Q4 with B-KN5xN (KB3) is preferred by many players who like blockade strategy. Black plans to fix White's pawns at Q4, K5 and KB4 then advance his own KRP to KR4 or KR5, establish his knight at KB4, and pressure the white centre.

Both the Modern Defence 1 P-K4, P-KN3 and the Caro-Kann 1 P-K4, P-QB3 can lead to Black's deployment, and some experts recommend that White must advance P-KN3 and only then P-KR3 to exchange knight for bishop. It has been assumed that White's chances lie in the centre and king's side (via an eventual P-KN4) but it is just this premise which Cheskovsky's win overturns.

White's simple but effective idea is a general pawn push on the queen's wing, opening lines for the rooks while keeping Black's advanced pawn under threat on the other flank. The sacrifice 29 P-K6! breaks through and at the end White is effectively a rook up.

White: V. Cheskovsky. Black: Z. Azmaiparashvili.

Modern Defence (USSR championship 1986).

1 P-K4, P-KN3; 2 P-Q4, B-N2; 3 P-KB4, P-Q4; 4 P-K5, P-KR4; 5 N-KB3, N-KR3; 6 B-K3, B-N5; 7 QN-Q2, N-B3; 8 B-B2, N-B4; 9 P-KR3! BxN; 10 NxB, P-R5; 11 B-Q3, P-K3; 12 O-O, B-B1; 13 P-R3, B-K2; 14 P-B4!

Black has carried out his plan, but White takes a clear initiative. If 14 ... PxP; 15 BxBP when P-Q5 soon follows.

14 ... Q-Q2; 15 B-B1, R-Q1; 16 P-B5, R-R1; 17 P-QN4, P-R3; 18 Q-K1, Q-Q1; 19 P-R4, N-N1; 20 P-N5, K-B1; 21 Q-B3, K-N2; 22 R-R1, Q-Q2; 23 KR-B1, P-QB3.

The threat was P-B6, when the white rook penetrates to QN7.

24 Q-K1, R-R4; 25 PxRP, NxRP; 26 R-N3, R-QR2; 27 R(1)-R1, Q-B1; 28 BxN, KPxB.

If NPxB; 29 BxP Black is a pawn down without compensation, now he hopes to blockade by N-B2-K3.

29 P-K6! PxP

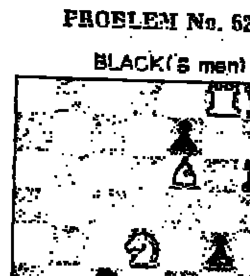
If 29 ... QxP; 30 QxQ, PxQ; 31 RxP when White's passed rook pawn will win the end game.

30 BxP, B-B1; 31 N-K5, R-R2; 32 Q-N3, K-N1; 33 NxNP, R-N2; 34 B-B6, NxP; 35 BxR, N-K5; 36 BxB. Resigns.

For if NxQ; 37 N-K7 ch wins.

**PROBLEM No. 620**

BLACK (5 men)



WHITE (6 men)

White mates in two moves, against any defence (by O. Wurzburg).

Solution Page XVIV

**Leonard Barden**

# The spies who steal computers

Continued from Page I

samples and 25,453 documents obtained resulted in a saving of 407.5m roubles, with 200 R & D projects started and 1,458 projects accelerated or shortened.

Among other Farewell documents are charts showing fulfilment of tasks and, in the case of rocket and space technology, a detailed display of the collection tasks for 1981-85, with a list of target Western companies for each desired item of technology.

Several qualifications are in order, however. For 1980, the VPK judged only 3,167 samples and 8,836 documents as useful, the rest being deemed fit only for "comparison and information"—that is, for the shelf and possibly the dustbin. Second, the rouble "savings"—which are much smaller than the guesstimates the Reagan Administration was once making to justify its controversial export control programme—are probably inflated. Like similar

**"IN THE late 1970s and particularly in 1980, in relation to the worsening of the international situation and curbs on commercial exchanges between the Soviet Union and the chief capitalist countries, the special technical services of the Ministry of Foreign Trade and the State Committee for External Economic Relations carried out numerous missions to acquire key samples of technical materials, of materials of a high purity, and basis materials forbidden for sale to socialist countries."—Report by *the Military Industrial Commission* of the USSR Council of Ministers, 1981.**

"savings" cited in Soviet civil industry (to get pay bonuses) they may be anticipated rather than actually achieved. However, references to a sizeable number of R&D projects shut down as a result of *spetsinformatsiya* acquired are striking. Generally, Soviet officials complain how hard it is to stop any project once started.

Third, there are complaints that many industries simply ignore what is on offer in the *spetsinformatsiya* bulletins. Evidently, news travels as slowly along the secret grapevine as it does along the Soviet public media network.

Some of the same points are borne out in the detailed report (dated July 1981) of one collecting agency, KGB-T (for which Farewell worked). The table accompanying this article sets out where the KGB-T got 15,072 types of samples and 111,396 documents over a three-year period. It should be kept in mind that the agency "collects" not only on behalf of the VPK and the GKNT (in general economic matters), but also "freelances" on its own initiative and for its own use (such as seeking information on foreign intelligence services and their equipment).

Two of the KGB-T's three general aims are unexceptional: "Timely identification of the military/technical plans of the US, the other Nato countries, Japan and China with respect to preparing a possible nuclear attack on the Soviet Union and the countries of the socialist community"; and "identification of any breakthroughs in the US, capitalist countries and China in the military field." This is the mirror image of Western intelligence activities. But the third goal is rather special to the KGB and other Soviet "collectors": "Acceleration of Soviet scientific and technical progress by acquiring information and samples of equipment."

The table covers just enough of a time span to reveal several interesting trends:

● A sharp drop in the volume of information acquired in the US (by Department 1) as, even under President Carter, controls were tightened. The report blames the cutting-off of Soviet access to the Commerce Department's National Technical Information Centre. The quality falls off as well. The report notes that "the single source of information on US strategic weapons still remains the US Congress" and adds that even classified aerospace information on tactical weapons "as a rule does not contain data of a technological nature in which Soviet industry is extremely interested."

● Better results from Department 2, *indicating that the Reagan administration* was right to accuse Western Europe of being leaky late in the 1970s.

● A *slight increase in the utility of the* Trade Ministry, GKNT and GKES. The *role of these agencies may have since* increased, as indicated by the VPK *report for 1980.*

● The fact that East Asia produced little information, disproving CIA assertions that Japanese technology was very "insecure" before Yasuhiro Nakasone came to power as Prime Minister. However, the report notes that, for the first time, China in 1980 provided material of "practical interest to Soviet specialists" — a tribute to Peking's modernisation.

● The German-speaking areas of Western Europe remained a steady and good source. This is borne out by the number of "credits" given to the Bonn, Berlin and Vienna KGB residencies (Vienna is cited as the source for three

*acquisitions in the nuclear field, possibly* because it is the home of the International Atomic Energy Agency).

In the light of the Chernobyl nuclear *accident, it might—arguably from the* viewpoint of the West and, indeed, of *everyone*—be no bad thing if the Soviets were to acquire as much information *as possible on civil nuclear power,* by whatever means.

*Certainly*, the KGB-T report cites, among the "most valuable materials" it *acquired during 1980, the following:* a West German company report on the *development of a methodology for* cleaning separation nozzles (credited to *the Bonn residency*); *materials on the* safety monitoring of a light water reactor *during the down time of a nuclear power* station (Berlin); a report on the *production of composite uranium-plutonium,* carbide and nitride fuels and carbide-nitride components *(Bombay)*, evidently from Indian work on fast reactors; a report on the technology of separating actinides in the reprocessing of radioactive wastes (Vienna); and a programme for providing dosimetric monitoring of reactor tanks of water under pressure (Vienna).

The non-expert has no way of determining why the Soviets might regard these as "most valuable" and, even more important, what good reasons the West might have for keeping such information

## SOURCE OF 111,396 DOCUMENTS AND 15,072 SAMPLES OBTAINED BY KGB-T

| | 1978 | 1979 | 1980 |
|---|---|---|---|
| Dept 1 Western hemisphere | 35.0 (2.7) [39.2] 1.9■ | 25.7 (1.6) [26.5] 0.8■ | 18.4 (1.7) [16.1] 0.6■ |
| Dept 2 West Europe minus German-speaking area | 15.3 (15.9) [14.3] 34.7■ | 17.3 (20.1) [14.9] 30.9■ | 20.8 (19.8) [23.4] 23.1■ |
| Dept 3 Officers under cover of other ministries or organs in Moscow | 12.9 (4.3) [14.1] 16.7■ | 16.2 (15.5) [22.4] 14.8■ | 15.4 (4.1) [20.2] 10.4■ |
| Dept 5 East Asia | 2.8 (7.2) [1.6] 5.9■ | 3.7 (7.5) [4.8] 5.2■ | 3.2 (4.4) [3.2] 2.6■ |
| Dept 6 German-speaking Western Europe | 10.7 (22.1) [10.1] 36.1■ | 13.4 (12.9) [10.4] 18.8■ | 11.3 (12.9) [12.6] 20.4■ |
| Dept 7 Provincial KGB units | 9.0 (0.8) [3.5] 0.7■ | 9.3 (0.9) [9.1] 0.7■ | 9.7 (0.8) [8.5] 2.1■ |
| Group D East European intelligence | 12.9 (43.7) [11.1] 4.2■ | 13.2 (38.4) [10.8] 26.9■ | 20.2 (54.1) [15.1] 39.9■ |

In ordinary brackets % contribution of classified information obtained.
In square brackets % of information by KGB-T to defence industry ministries.
■ % of total quantity of disseminated operationally acquired items.

out of Soviet hands. But, post-Chernobyl, it is perhaps worth asking if there should not be a greater legitimate flow of civil nuclear information.

● *Little classified material* was obtained when provincial KGB units tapped into Westerners in the Soviet Union. The one exception is a bizarre "credit" to the *intelligence department for Moscow City* and Oblast (region) for getting samples of the British L2A2 infantry weapons, plus the US Noctron and West German Luna-Tron night vision instruments.

Another reference to activity in Moscow was that at Electrotechnology 80, a trade fair in October 1980, "three *requirements were initiated* and one VPK requirement covered—in addition to which the capability was developed to purchase monitoring and measuring equipment for the Ministry of the Electrical Equipment Industry." The jargon here could be deceptive. For instance, the measuring equipment purchase might have been a perfectly open sale which the KGB-T wanted to claim as a credit. Talk of "initiating requirements" is perhaps just the result of a friendly man in a three-piece suit touring exhibition stands and stuffing brochures into a shopping bag—but with the unhappy effect that some Western company is henceforth "targeted."

● *Most striking of all is the increased* help from East European intelligence *services, particularly in getting* classified information. Ample and *specific credit is given to Soviet allies,* particularly the East Germans. They are cited as providing (along with the Poles) most of the basic information on nuclear technology, 40 per cent of "operationally acquired" information on Western defensive measures against aerospace, and much information on chemical and biological weapons and conventional weaponry (for instance, samples of Leopard tank protective coatings). They are also said to be "the single source of significant materials" on foreign technical intelligence services. All this, perhaps, provides the context for the Reagan Administration's recent moves to restrict the movements of some East European and Soviet diplomats in the US.

**"IT HAS become even more evident that the magnitude of the Soviets' collection effort, and their ability to absorb collected equipment and technology, are far greater than was previously believed . . . The Soviets' appetite for Western technology will *continue to be voracious* . . . they will continue to exploit weaknesses in Western export controls, as well as policy differences between CoCom countries, to acquire the technologies needed by their military programmes for the late 1980s and beyond."—*CIA report*, 1985.**

Of course, besides using the services of allied professionals, the KGB-T can draw on those of its own amateurs. There is a revealing, if oblique, reference to those in the report for 1980 which states that, of all materials on aerospace and space missiles acquired and disseminated, 28 per cent came from "co-opted Soviet citizens." It is probable that when Western nations expel such Soviet nationals as journalists, trade officials and businessmen, as happens from time to time, some would fall into the category of "co-opted." But they are most unlikely all to be KGB employees, as some of the British media persisted in dubbing the entire 25 expelled from London last year.

In addition to the information supplied by co-operative Soviet citizens, 39 per cent of what was acquired was said to have come from "overt methods," 6.9 per cent from "foreigners under development," and only 2.4 per cent "with the aid of operational equipment." *If this refers, as it probably does, to* bugs and the like, it is a rather poor return on what *the KGB-T apparently* laid out to update and modernise its *own equipment. According to the report,* it spent 850,000 foreign currency roubles *in 1979 for 2,800 samples,* and 1.5m roubles got 1,500 samples of "measuring, recording and reproduction equipment, radio receiving, transmitting, signal protection and locking devices and outfits for special purpose services." One wonders what these "outfits" might be—perhaps red wigs of the kind that E. *Howard Hunt,* the Nixon White House "plumber," liked to use.

The KGB-T report also records the frustrations of those who preside over this "vacuum cleaner" approach to intelligence: "There have been striking instances where a number of sources (Berlin residency) try to pass off overt reports of US companies as classified technical documentation and, in doing so, demand high remuneration." (The exact reverse of Graham Greene's *Our Man in Havana* whose "masters" in London persisted in interpreting blueprints for a real vacuum cleaner as those for a nuclear reactor.) This gives credence to the Western suspicion that the Soviet industrial espionage harvest gathers a great deal of chaff along with the wheat.

In one instance, the Soviets might *have been fooled* by *their own propaganda.* The 1981 KGB-T report says *irritably that "all the materials* received, even the classified Nato docu*ments, cover only matters of defence,* chemical, biological and nuclear *weapons, and in no way touch on matters* of first priority interest connected with *the offensive potential of the US and* Nato." Evidently, the KGB did not *believe that the US, the sole Western* maker of chemical and biological weapons, stopped production in 1969 and is only now, in 1986, considering *resumption.*

What is the West to make of all this? Does it really matter if *Soviet spies want* to devote much of their time to acquiring *freely-available Western* publications like *Aviation Week*, provided they pay for them? *Does not this* evident reliance on Western know-how have a depressing effect on indigenous innovation in Soviet military R&D? (In Soviet civil R&D, the evidence is that it does demoralise researchers, to some extent.)

However, the Soviet military-industrial machine is better able than the civil economy to make use of what it gets from the West, which can hardly afford to take risks with a technical espionage programme now revealed to be so highly organised and purposeful. Certainly, the Reagan Administration has caused its allies much aggravation by urging tighter technology controls. But, in hindsight, it seems the US was right to do so.

# Museums and Art Galleries

Changes in the funding of state museums and art galleries are in the air as the Government encourages more free enterprise activities and the sponsoring of major exhibitions

## Commerce at the turnstile

THE MAJOR state - funded museums and art galleries have joined the free enterprise society.

In February, the Minister for the Arts, Mr Richard Luce, said that, in future, they could hang on to the money they made through such entrepreneurial activities as their shops, restaurants, and exhibitions. In the past the cash earned from these initiatives had been deducted from the following year's annual grant.

The Minister immediately answered the museum directors' first question by assuring them that, for the next three years at least, they would continue to receive their current level of subsidy, plus marginally more for inflation.

The immediate reaction of the museums was one of caution, and soon the words "admission charges" were being mouthed. In the past, any revenue from museum charges could, in theory, be recouped by the Government. For all the official re-assurances, the museums feel that, in the long run, the Treasury hopes to cut back its subsidy to the top nine museums, which for 1986-87 amounts to £57.8m.

Shortly after Mr Luce's "removal of an obstacle to enterprise," the Natural History Museum, which, being funded by the Department of Education and Science, is not covered by the general grant, announced that it would be introducing admission charges next spring. It hopes to raise £1m a year from this source, which will go a long way towards meeting its shortfall of £1.2m.

Undoubtedly, more museums will take advantage of their new commercial opportunities by introducing admission charges, although the two most popular, the National Gallery, with its 3.1m visitors in 1985, and the British Museum, with over 4m, are adamantly opposed to such innovation. The most likely next one to charge is the Science Museum.

The Victoria and Albert Museum earned a bad press when it introduced a "voluntary" admission charge in November; but it justified the measure by *drawing attention* to the £26m it would need over the next five years to shore up its decaying Victorian building. Its director, Sir Roy Strong, is a great believer in making museums a pleasure to visit, and has ambitious plans for modernising the galleries.

This will depend partly on Government money; but he is probably correct in thinking that this Government will favour those who help themselves: hence the marketing strategy which involves producing replicas of its masterpieces for sale through shops. The V and A claims to be on target for a £500,000 income from admission charges, but at the cost of a 40 per cent drop in visitors.

Most museums will aim to earn up to 5 per cent of their expenditure. They will be greatly helped by the other exciting innovation of recent months—the measures in the Budget which encourage companies and individuals to give to charity in exchange for tax concessions. All the main museums are charities.

The museums realise they will attract much less aid than medical charities through this reform, but it should encourage more companies to sponsor exhibitions, pay for the renovation of galleries, and generally rally round their local museum. No doubt the biggest and the best, the British Museum and the Tate, which are old hands at attracting sponsors, will cream off the most; but there should be benefits for all 3,000 museums and galleries in the UK.

So we can expect a much greater marketing effort by the museums. They will be offering their premises for evening parties and seminars; boosting the range of merchandise in their shops; organising more adventurous (or popular) exhibitions; and generally raising their profiles. The opportunity to hang on to revenue, and the incentive for "friends" to make tax-free contributions, is a most happy coincidence.

But there is a darker side. The Government has virtually frozen the purchasing funds of the major museums. Only the National Gallery, with its £60m bequest from J. Paul Getty Jr, is able to compete for any important item that comes on to the market. For the rest, the great inflation in fine art prices in the last decade leaves them helpless against the more richly endowed *foreign competition*, in particular the Getty Museum of Malibu.

Most masterpieces now cost individually more than the annual purchasing grants of any UK museum. Also, the well publicised prices at auction could tempt owners of paintings and other works of art, who have lent them to galleries and museums, to claim back their property. Only a last minute effort kept some Old Master paintings owned by the Duke of Sutherland, in the National Gallery of Scotland. With the National Heritage Memorial Fund, the last resort for threatened national treasures, unlikely to continue receiving adequate funding, the national museums and galleries will be forced to watch prized objects leave the country.

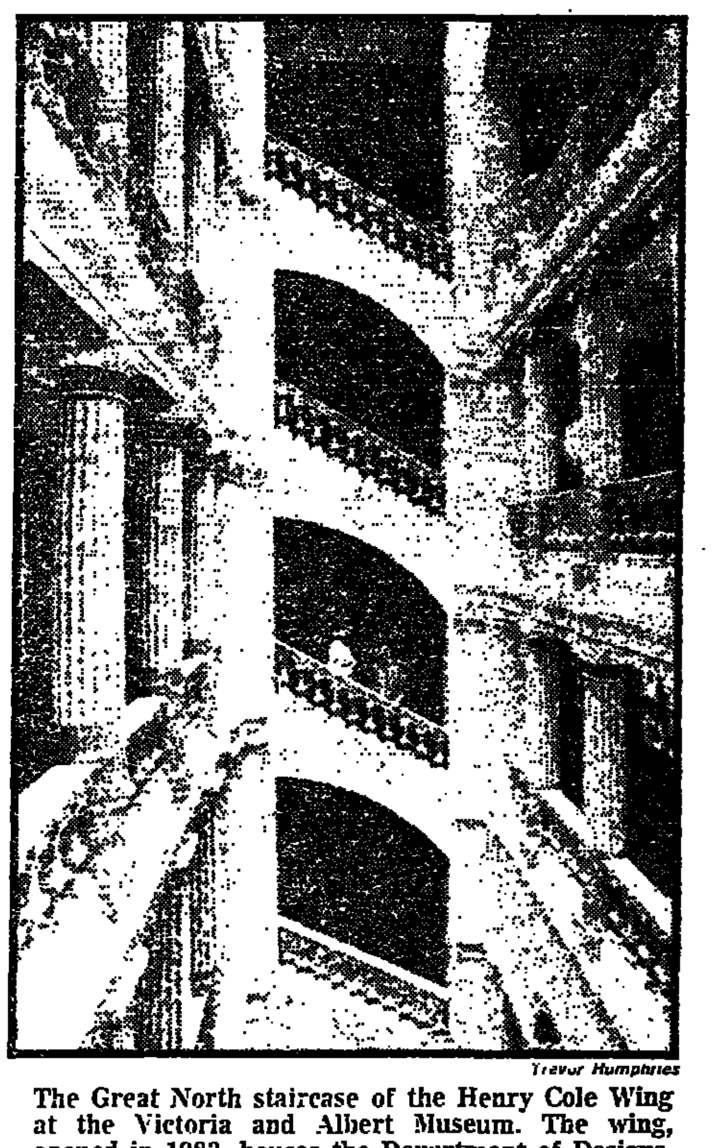
The other threatened area is university museums. The cutbacks in Government aid for the universities have forced them to economise on their museums and art galleries. In an attempt to make ends meet, some universities see no alternative but to sell off under-used parts of their collections. The University of Newcastle has just been involved in a tremendous row with the arts establishment for selling most of its collection of Pacific tribal art to Osaka University in Japan for £690,000. The admonition it received from the Minister for the Arts may produce second thoughts in other museums facing a similar predicament.

The museums believe they have had a raw deal from the Government in the past and are suspicious about the brace of benefits they have received this year. Undoubtedly there are snags—they can, for example, only carry over 2 per cent of their grant, or up to 10 per cent of their annual receipts through to the next *financial* year. But they like the loosening of the ties, the freedom to control their own future.

They will need to develop their marketing skills quite quickly, for this is proving a difficult year, with attendances down because of the teachers' dispute and the falling away in American tourists.

There is, however, a feeling of confidence abroad, most notably in the rejuvenated Museums and Galleries Commission under its new chairman, Professor Brian Morris. He is trying to draw together the nationally funded, the university and local government-funded, and the independent museums, into a powerful lobbying force, impressing on the Government the need to nourish this most important contributor to the national well being.

**Antony Thorncroft**



*Trevor Humphries*

**The Great North staircase of the Henry Cole Wing at the Victoria and Albert Museum. The wing, opened in 1983, houses the Department of Designs, Prints and Drawings**

*Sponsorship*

## Benefits of showcases

THE GOVERNMENT is very keen that museums and art galleries should generate more of their own revenues rather than rely on state or local government subsidies. One obvious form of income is sponsorship from companies or individuals and in the Budget there were tax concessions to *encourage* even more generosity from friends of museums.

Not that museums and galleries have done badly in the past. The performing arts grab the headlines with their links with business but there are many successful, well established, relationships among the museums.

Sometimes corporate aid is on a monumental scale, like the Turner gallery now rising alongside the Tate thanks to the Clore Foundation, or the extension for the National Gallery made possible through a £20m gift from the Sainsbury family. The NG also gained an extra exhibition space with £1.5m from the Sunley Foundation.

*The Victoria* & Albert has also been successful in drawing in commercial sponsors. This year it has announced that Trust House Forte was providing the finance for a refurbished medieval treasures gallery; Toshiba was picking up the tab for the new Japanese gallery; and that Pirelli was paying for the new garden which will be open next summer. All told the V & A has received £1m from sponsorship, and would have been quite unable to improve its displays without such aid.

It is now looking for a generous benefactor to offer £500,000 to transform its Indian gallery, and for supporters for the Theatre Museum, notably seat sponsors for the tiny theatre there. For £2,500 you can have a seat named after you, which could raise £220,000 in all.

The major national museums have also been successful in persuading companies to sponsor their exhibitions, notably at the Tate, and more recently at the British Museum: its latest major show, opening later this month and based around Money, is sponsored by the Nationwide Building Society.

While the big names offer prestige and excellent facilities for companies to entertain guests (we can expect more museums to open their doors in the evenings for functions and conferences) there has also been a great deal of progress by local museums for forging links with commerce.

Perhaps not surprisingly the most successful has been the National Motor Museum at Beaulieu. Its latest attraction "Wheels," through which 500,000 visitors a year experience the history of motoring while travelling in mobile "pods," was supported by Kennings with £500,000, and Ford with £350,000. Its new display of commercial vehicles has gone ahead thanks to £100,000 from Wincanton Motors. Beaulieu can keep open on its admissions revenue, but for new developments it looks to sponsors.

Another very successful museum, Ironbridge, was attracting sponsors in the 1960s and has raised millions over the years from companies like Shell. The National Museum of Photography at Bradford had a new television gallery financed by Yorkshire Television, while the Tank Museum has persuaded GKN to build and equip a new video theatre.

Apart from the new incentives in the budget the Government's Business Sponsorship Incentive Scheme has also brought cash to the museums. Under the scheme the Government can give matching grants to new sponsors' aid, and £1 for every £3 given by existing sponsors, up to £25,000. Among the art galleries to qualify for the full amount are the Hayward in London, linked to SEAT Concessionaires support for the "Homage to Barcelona" show, and the Courtauld, to whom Arthur Andersen gave money for a refurbished room in its projected new home at Somerset House.

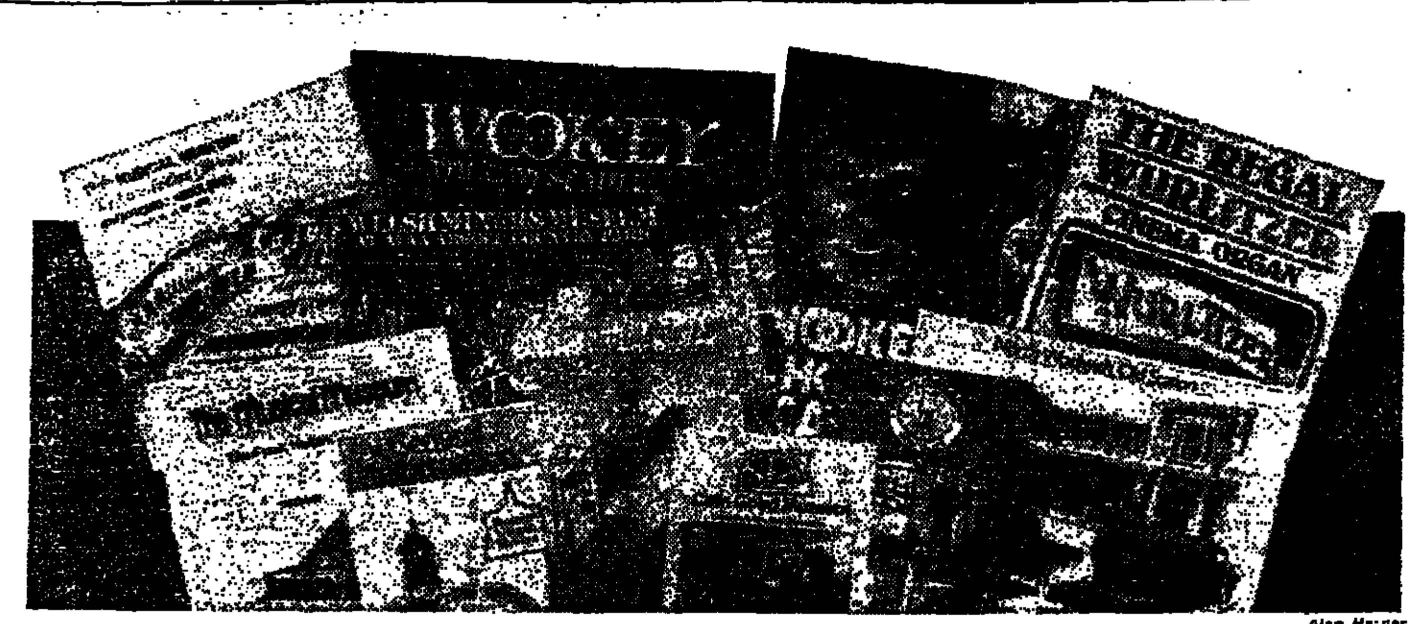
Museums often attract local companies who can only afford limited aid. Portsmouth City *Museum* was given £3,000 by Rentokil for an exhibition about conservation techniques; the Untitled Photographic Gallery in Sheffield got £4,000 from Dyson Refractors to support a display of photographs of Sheffield life (linked to Industry Year).

The *hard-pressed* Fitzwilliam in Cambridge got money to catalogue its Korean collection from Lazards and the Korean Merchant Banking Corporation, while Tyne & Wear County Museum was aided by Stuart & Sons in its exhibition of Sowerby glass. More than most other form of arts sponsorship a small amount of cash for a museum can make or break a planned event.

There are also, of course, the company museums. Some, like British Telecom's "Showcase," are comparatively soft sell: it covers two hundred years of communications history. Others, like those of Pilkingtons and Colmans, are more directly linked to corporate brands. Wedgwood has recently re-opened its museum. Here the purpose is public relations rather than mass education. But whatever the ultimate aim, the achievement of museums in selling themselves to business is greater than might be gauged from the publicity they attract and it should continue to grow.

**Antony Thorncroft**

**Youngsters studying models of ships, part of the Falkland Islands Exhibition in the Fleet Air Arm Museum, Yeovilton, near Yeovil. The museum has received many sponsorships**


Alan Harper


Flashback to 1952 when Lord Montagu of Beaulieu exhibited a handful of historic cars as a memorial to his father, a motoring pioneer. Today the National Motor Museum and the Beaulieu Complex is one of the biggest tourist attractions. Below Warwick Castle

Independents

# From motor cars to packaging

SOME 40m people were estimated to have visited Britain's museums, representing a steady rise of 5 per cent on the previous year.

While the buzz word among national and regional treasure houses has been "Marketing"—sponsorship agencies are springing up and making handsome livings by seeking out generous patrons for museum projects—the need to be commercial is nothing new to the independent museums, which rely on neither central nor local government funds to ensure survival.

In March, Dr Neil Cossons became director of the Science Museum in South Kensington having been in charge of the multi-award-winning Ironbridge Gorge Museum in Shropshire only three years ago, with the National Maritime Museum in between.

The Association of Independent Museums (AIM) was set up, with Dr Cossons as its first chairman (he is president now), nine years ago to offer management and marketing advice to members and to establish a standard of professionalism in private museum enterprises.

At its annual meeting last month the chairman, Mr Michael Ware, announced an increase in membership of about 10 per cent to 634, and that probably reflects the growth in actual new museums opening.

"It is impossible to estimate how many independents there are with any accuracy," Mr Ware says, "but without any concrete facts to go on between 1,200 and 1,500 would be a safe assumption."

The problem is that many nascent one-man-band museums, though they may hold important collections, should never have been opened. "Local history collections—not connected with local authorities — are the growth area," Mr Ware believes. "Every town or village seems to be trying to get a museum going.

"In many cases they have not got the finance to set themselves up properly, and the arrangements are not always adequate to ensure the safety of the collection if the one man whose dream it has been to display his hobby dies or has to give up. What could be very important collections could be sold off and lost, and in the event of your actually going broke creditors can make claims on the collections." Nor may what are essentially amateur curators have much idea of public requirements.

Even those which are registered charities—recommended by AIM for many reasons, not least being that such purchase aid sources as the National Heritage Memorial Fund become available—are not foolproof, though the association is intrigued to see what would happen if one were to go under, which has not happened yet.

Mr Ware is director of probably the most successful of the independent museums, the National Motor Museum at Beaulieu, set up 34 years ago by Lord Montagu. Last year a record 540,000 people visited the museum.

At the other end of the scale, Mr Robert Opie put his collection of packaging and advertising material on show in a permament museum of its own 18 months ago in a Victorian warehouse in Gloucester, and he and his partner Mr Edward Garling operate it alone. Although it had a turnover of about £30,000 in its first year it will be a long time before it starts to pay its way, and still longer before it starts to pay him.

"Sometimes people seem to think that museums are run on thin air, and I feel like telling them that I am subsidising their visit out of my own pocket," he says, but it is something he had planned for 15 years. "The overheads can be horrendous, and it is expensive just to get through the red tape in the first place—legal fees, searches, surveys and so on.

"My advice to anyone starting up—other than don't—would be to find a sponsor to take on the whole project from the start. When I was organising the museum I also had a full-time job" — he was a market researcher—"and there just was not time to canvass for sponsorship."

He is doing that now, however, so that he can expand on to the other floors of the five-storey building of which he and Mr Garling, on the ground floor, are the only occupants.

With Ironbridge and Quarry Bank Mill at Styal, Cheshire, both winning the Museum of the Year Award in recent years there has been a trend towards open-air museums, with buildings and machinery either restored where they stood or completely transported. AIM's secretary, Mr Rob Shorland-Ball, was called in four years ago to boost another in the genre, the Museum of East Anglian Life at Stowmarket, and he has increased a 21,000 annual attendance to 35,000.

The leisure park ethic taking hold is one reason for their popularity, he thinks, another is that people have more time. "There is increased leisure and with it an increasing interest in the past. It is easy to make the mistake of under-estimating the knowledge and understanding of the general public.

"Even so there is a limit to the number of museums which can operate successfully," he added, echoing his chairman, Mr Michael Ware — who reckoned of the 0.5m who go to Beaulieu perhaps 10 per cent are motoring enthusiasts, the rest just want to be entertained.

Sophisticated technology has also become a trend in private museums. "People want to get among history and be stunned," said Mr Shorland-Ball, "and places like Yorvik in York and the Wheels module at Beaulieu (both feature the sensation of being physically carried through time) are models. There is an increasing use of videos and tape/slide programmes."

Museums like Mr David Seckers's Quarry Bank Mill have made features of people working at antique crafts and explaining them, which not only has the effect of having history talk and show restored buildings put to their original uses, but also of making things which can be sold— in his case cloth. His Apprentice House which he hopes to open next year will have actors apparently living the lives of 19th century cloth industry apprentices, and give schools the opportunity to send children to experience the lifestyle themselves.

At the East Anglia Museum Mr Shorland-Ball opens a new building next month which is a £250,000 recreation of an actual Victorian industrial building in which static exhibitions will be held, but also craftsmen will be seen at work—he already has a wheelwright working full time. At the Weald and Downland Museum at Singleton, West Sussex, the Lurgashall Mill produces and sells ground flour.

The products of these operations seldom make more than enough to cover costs, but they are seen as important examples of history in action, a moving on from the street tableaux of, for instance, the Castle Museum in York.

Some old-fashioned museums can thrive, like the House of Pipes (a celebration of smoking which one might think out of current public taste) in Bramber, Sussex, or Potter's Museum of Curiosities at Arundel—although this display of stuffed animals and oddities is up for sale, but as a going concern and intact as a collection.

Others are beleaguered for only partly financial reasons. Mr Patrick Cook's Bakelite Museum, which is 7,000 plastic objects arranged in a second floor flat in an art deco block called Mundania in South London, is having to move because the local authority has demanded extensive refurbishment by the landlord. Cook, a sculptor who has financed his museum by selling Victorian fireplaces, is looking for an appropriate new home with a freehold but is determined that the collection will not be dispersed.

What the independent museums have learned and are teaching nationally financed and administered brethren is that no matter how whimsical the collections, museums are entertainment now—and entertainment is a serious business.

**Simon Tait**

# A heritage reclaimed

Walter Scott . . . 19th century bestseller

THE RETURN of Sir Walter Scott's manuscripts to Edinburgh from the United States, at a time when the flow is mainly in the other direction, is welcome news indeed. Whenever I hear the words "national heritage" I reach for my cynicism in the way the Reichmarshal reached for his revolver, but on this occasion the words are fully appropriate.

The 41 volumes of Waverley novels, all specially interleaved, in which Scott wrote his corrections and annotations have been acquired by the National Library of Scotland. Scott himself called them his Magnum Opus, and he worked on them for many years. In order to preserve the anonymity of the author of Waverley, "The Great Unknown," Scott's novels were at first hastily printed. Many errors crept in and remained uncorrected. The Magnum Opus was the author's attempt to provide a definitive edition including his later thoughts.

By 1825 Sir Walter Scott was the best selling novelist not only in Great Britain but throughout Europe. William Hazlitt who went on a continental tour in that year reported that you could buy Waverley novels in every major town on his route in English, French, German, and Italian. From his literary earnings Scott had built Abbotsford and established himself as a Border Laird. He was rich but he was financially exposed.

At the end of that year the country plunged into crisis. It began with the collapse of overseas mining companies which brought down banks which had lent to them. In January 1826 the Government of Columbia stopped payment on its external borrowing to be followed by Greece, Spain, Portugal and every South American sovereign borrower except Brazil. When the Bank of England stopped discounting commercial paper, the country was said to be within twenty four hours of barter. It was only when they did a U-turn and started pumping out credit far beyond the legal limit that stability was restored. Sir Walter Scott was ruined along with his publisher.

In 1929, another year of dislocation of financial markets, the volumes of the Magnum Opus were sold to an American dealer by A and C Black, the publishing company which at that time owned the Scott copyright. The collector who bought them, Miss Doris Benz, left her library to be sold for the benefit of Dartmouth College, New Hampshire, and the sale to the National Library of Scotland was arranged by private treaty after her death.

At the same time the National Library has obtained a number of original manuscripts of Scott's poems and novels including those of *The Lord of the Isles, Quentin Durward, The Betrothed,* and *The Fair Maid of Perth.* They were sold by another private American library, the Pforzheimer in New York, also by private treaty.

The price of the two acquisitions was $920,000 to which the National Heritage Memorial Fund contributed £325,000. Donations were made by Mr Robert Maxwell, the Pilgrim Trust, the Wolfson Foundation, Distillers, the three big Scottish clearing banks, and Scottish Widows, as well as innumerable others. The Scottish financial establishment has rallied round to repair the results of financial imprudence long ago.

Scott's literary output was immense. Most modern homes are too small to house the novels. Then there are the poems, and, if you are lucky enough to find them, thirty more volumes of Miscellaneous Works — biography, history, reviews, and criticism. By the end of his life by incessant work Scott almost repaid all his debts. He is not an author, like Jane Austen, whose readers always long for more. Even so there is more to be discovered as I myself have recently found, and some of it is full of interest.

Thomas Rees, the author of a rare and curious little book called *Reminiscences of Literary London*, mentions that he was editor of the seventh—and last—volume of the *Annual Review* which came to an end in 1808.

"I had the gratification," Rees remarks, "of receiving a valuable contribution from Walter Scott on a subject for the treatment of which he was perhaps the fittest writer of the age 'Ancient Romance'." The piece referred to is evidently the anonymous review of Finlay's *Scottish Historical and Romantic Ballads*, the topic on which Scott had built his reputation. It was written before Scott became a novelist and is a critique of the old Scottish ballads, based on a personal conversation with Coleridge.

In the old days, Scott explains, his countrymen had been civilised enough to enjoy poetry and at the same time savage enough to supply plenty of gory themes. The history of Scotland was treason, treachery, cow-stealing, house-burning, broils, private wars, murders and executions.

The oral poems which celebrated them had been shorn of all ornamentation by impatient listeners keen to get on with the story. They were unique to their age, an age which was fortunately already over. "The causes," Scott remarks, "which have in the course of one century made the Scotch the most orderly of all nations as they were before the most barbarous would lead to a curious investigation."

It was a theme which he was to find endlessly fascinating. Only two generations before, Scotland had been torn by the Forty Five: now it contained one of the most civilised and intellectual cities in the world. The subtitle of Waverley is *"Tis Sixty Years since."*

It was also a process to which Scott added his own immense authority. In contrast to some Irish writers who have distorted and glamorised their country's violent past, Scott treated the controversies of Scotland's unadmirable history with a historian's respect, and as a result he drew their sting. After the Waverley novels, the quarrels of the Covenanters, the massacres of the rival clans, the rebellions of the Stewart Pretenders were turned into a pleasing tartan tourist industry. But they could never again feature in real life or touch real politics.

Sir Walter Scott is one of the handful of writers in English who have had a truly European influence. Think of all those operas. But the careful citizens of Edinburgh knew what they were doing in building that huge monument in Princes Street and naming their principal railway station after his first novel. For no individual Scotsman before or since has done as much to raise the standing of his own country. Modern Scotland without Sir Walter Scott is unimaginable. He is not only part of the past: he helped to understand his nation's identity, to chronicle it, and to shape it for his own times and for the future. That really is a heritage.

**William St Clair**

Lewisias . . . ideal for underheated homes

# Perfect plants

AT THE moment, I am basking in the results of a happy spree at a garden centre. I never thought I would write such a thing. I have tended to look on garden centres as places where non-gardeners pay four times as much for the plants which gardeners grow for themselves or order from nurseries. At their lowest, they are the week-end habitat of the non-propagator, staff and customers alike.

Two miles from Kidderminster in Worcestershire, down a country lane which leads almost nowhere, I thought I had made a serious mistake. I had come 100 miles on the tracks of a particular flower, the lewisia, which grows about 6 inches high and has always seemed to me to be the perfect houseplant for under-heated homes.

Ashwood Nurseries of Kingswinford, Kidderminster, advertises itself as the leading grower of lewisias in Britain. I had been expecting a few cold frames and a polythene tunnel beside a chilly brick bungalow. From the opposite hillside I looked onto a car park so full that it had to mean patio-walling or country suede and leather. So much, I presumed, for the lewisias.

I was wrong. Ashwood's tunnels, frames, courtyards and greenhouses are packed with clean, fairly-priced plants that would delight anyone. Evidently, they do. Buyers from Worcestershire to Middlesex swarm to admire the flowering plants of the Douglas strain of auricula, the yards of healthy fuchsias, the insectivorous house-plants—and a truly inspiring display of lewisias.

John Massey, the owner, started late in the 1960s with a field which his parents bought him at the age of 18. Now, he employs 20 people, answers gardeners' queries at weekends, and still patently enjoys their pleasure at the results.

The lewisias are the business of his propagator, Philip Baulk, who began to experiment with them eight years ago. He has assured himself a place beside growers such as Jack Drake in Scotland and Ingwersens of Sussex, who win gold medals yearly at Chelsea with an exhibit that always looks as if it has not changed since the previous year.

The Ashwood strain of lewisias has a splendid range of colours, from white through apricot to flame-red. The stems are conspicuously strong and the markings often are very clear.

What is a lewisia? In nature, these small plants are found in Oregon and the west coast of America. Baulk explained that they do not grow in the harsh sunlight which the fleshiness of their rosette of leaves might imply. Most of them flourish in northerly aspects; thus, they need no special heat but prefer shelter and shade.

The most manageable are the promiscuous forms of lewisia cotyledon which he and others have crossed and then increased by cuttings. They are ideal plants for a cold greenhouse: if you forget to water them, they will not die. Indeed, their American specialists, Siskiyou Rare Plants of Medford, Oregon, claim that they can be left unwatered throughout the summer.

In May, they send up sprays of small buds which open into heads of brilliantly striped and rounded flowers. In their youth, they flower not once but up to three times in a season. You must never allow water to lie in the centre of their rosette of leaves, but otherwise they are not at all difficult.

Their one vice is that their lower leaves may suddenly turn yellow for a while. Baulk says this is a failing in the species which he hopes to breed out.

At this point, I intended to pass on the tips he gave me about potting and propagation (the nursery distributes a leaflet); but I have been overtaken by events. I returned with a dozen plants in bud and flower, each at 90p, planning to put them in the cold greenhouse to cheer up my suburban evenings. After family protests, I broke the rules and put them inside the house. Already, I have been bowled over by their performance. Stem upon stem keeps appearing and exploding into their bright heads of flower.

Exhibitors like a small stem, but house-owners will relish the greater length which occurs indoors. Their whites, pinks, oranges, stripes and rose colours set off any wallpaper and have diverted me from appreciating anything else in the past two weeks. After flowering, I will re-pot and wait for their second and third round. The last flowers on my orchids look quite mundane beside these little bombshells.

Ashwood Nurseries does not run a postal business but it is a reminder that such places can be garden centres without losing originality or a love of plants. In one weekend, I have lost a prejudice and gained a new enthusiasm. Lewisias, the experts say, deteriorate with age; but at Ashwood they grow as big as lettuces, eight years old and still smothered in clear flowers.

**Robin Lane Fox**

## Gardening

THERE are some new and unexpected names at the Chelsea Flower Show, which opens next week, among them Christies and Fabergé. Christies commissioned Mrs Fearnley-Whittingstall to design a late 18th-century garden to highlight the era of the birth of the firm — a period when flowery gardens with arbours and fountains were coming back into fashion after half a century of experiment with green landscapes.

Fabergé also commissioned a landscape architect, Michael Balston, to design a garden to suit its image: an intimate garden in which people and plants are in close contact. It is cloister-like, with arbours at the corners, one of them fitted with a kind of tent to provide shelter should it rain, which it usually does at some time during Chelsea week.

There are other gardens with special themes. The Sunday Times has turned to Charlotte Bronte for inspiration, organising a competition for a garden design based on her description of the garden of Lowood Orphanage School in Jane Eyre, then commissioning Waterers Landscapes to construct the winner's design. As you would expect, it contains a lot of masonry.

Those very clever designers Geoff and Faith Whiten have also used a good deal of stone in their courtyard garden for the Halifax Building Society, but this is an altogether more opulent affair with five pools, luxurious furniture and lots of plants in pots.

The landscape students from Merrist Wood Agricultural College can always be relied on to come up with something interesting for Chelsea and have not disappointed us this year. Their garden has been inspired by the early 20-century collaboration between Gertrude Jekyll and Edwin Lutyens and is called Gardens of a Golden Afternoon, after the recent book by Jane Brown.

Garden centres have only recently begun to show much interest in exhibitions and this is the first year that Cramphorn, which has branches throughout the south-east, has made a garden at Chelsea. It is very down to earth, planned specially for suburban house owners with the emphasis firmly on what is practical and popular, including a patio, pergola, pools and lots of flower colour.

There are to be a great many roses this year though what actually turns up on the day is still a little dependent on the weather. Both David Austin Roses and Peter Beale's Roses are specialising in old varieties, or new ones with the old-fashioned look. David Austin's are displayed around a figure specially carved for the purpose by Pat Austin. This is surrounded by a circle of arches for climbing roses and there are bush roses in box-edged beds. Among the newcomers are Warwick Castle, a shrub rose with sweetly scented pink flowers that open flat yet full-petalled; English Garden, which is similar but apricot and cream, and Gertrude Jekyll, described as a Portland-English rose, which will doubtless puzzle many gardeners since "Portland" is an unfamiliar term today. Essentially, it is a vigorous shrub rose with rosette flowers.

Sealand Nurseries have taken over the British distribution of Sam McGredy roses and will have his latest pink variety, provocatively named Sexy Rexy. It is a private joke which the public is not expected to understand but the name is catchy and the rose attractive. R. Harkness and Co will have Gentle Touch from Pat Dickson in Northern Ireland.

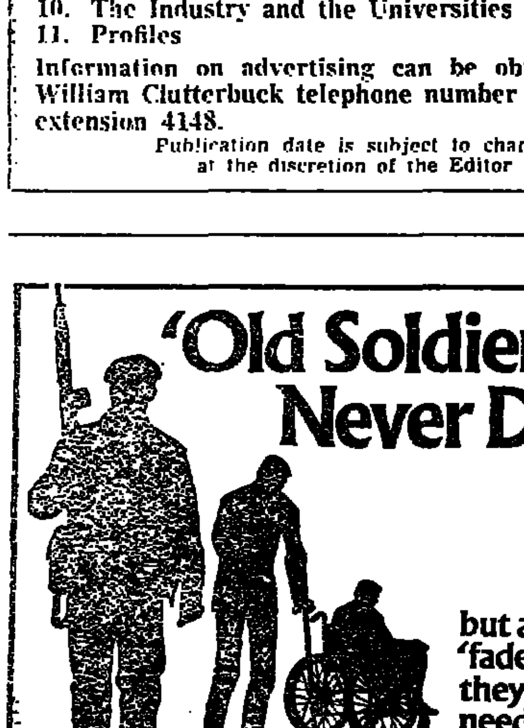
Blooms of Bressingham have a notable novelty in an all-gold leaved variety of the Mexican Orange Blossom named Choisya ternata Sundance. It has pure white scented flowers like the species but these may not look so effective against the yellow as against the normal green foliage. Sundance will probably be most greatly valued as an evergreen foliage shrub.

Tresurers of Tenbury have a large site in the main marquee for another of their magnificent clematis exhibits. The firm now holds the National Clematis Collection and so will include as many wild species as possible as well as the popular garden varieties.

All the other familiar faces will be there of course, with magnificent displays of daffodils, tulips, carnations, pelargoniums, orchids, rhododendrons, lilacs, begonias and all the other flowers we expect to see at Chelsea and the surrounding avenues will as usual, be stuffed with accessories and buildings of every imaginable kind. It promises to be a magnificent show. Gates open to members of the Royal Horticultural Society at 8 am next Tuesday and close at 8 pm. The show is open to the public for the same hours on Wednesday and Thursday and from 8 am until 5 pm on Friday.

**Arthur Hellyer**









# Testing times

MY FISHING beat on the Test River in Hampshire opened on May 1 and, for a change, there was not the howling north-east gale that usually makes the first day a misery. Instead, it was a balmy 65 deg F with a gentle southerly breeze to help the upstream cast. The river was fairly cloudy with a good flow and dry banks, mainly because (for the second year running) a late spring restricted weed growth.

In a normal year the water would have been over the banks as weeds obstructed the flow, but now the slower glides are a bit like a canal. It was very hard to see fish on the bottom and I had to take the keeper's word that numbers were as high as usual. He did tell me, though, that when electric fishing last autumn he saw only three salmon on about five miles of water, which does not augur well for future stocks.

The vegetation, too, was showing the effects of the late spring —little grass on the water meadows and few leaves—although there were a few swallows and I did hear a cuckoo. But the benign temperature made it a day more suited to basking in the sunshine than energetically seeking fish—which, in their turn, were not sure of the date as there was practically no fly life.

So, I was happy to chat with a charming American who had been stationed nearby during the war. He confessed he had become a specialist wet fly man on his native streams in Montana, to which he has retired, and had written three books on flies; but he was going to have a day on the Test while he was here.

I offered him a share of my rod that afternoon, but he demurred. That day, he said, must be devoted to culture—cathedrals and the like. His womenfolk were getting pointedly restive and he drove off. "They don't," he muttered as he left, "really understand."

While talking with him I had been studying the water, and I did see a certain amount of activity right under the bank where the stream formed an eddy. Something was disturbing the surface scum but the water was too cloudy to see what it was. Nor could I see what was interesting it. I saw no recognisable fly of any size although there were a few tiny insects which could have been what are called smut. I had nothing like them in my box so I put on a small pheasant tail and had a try.

Fishing an eddy like this is difficult. The road crosses the river at this point, and if you cast downstream to meet the upstream eddy the suspicious will suggest you are downstreaming. If you fish upstream, you are in danger of having the fly dragged over the surface. It is not so difficult when the hungry fish is attacking mayfly and will grab anything. But this fish was, and still is a delicate feeder; the nearest I got to him was when he took the knot at the end of my line.

While I was occupied, a mother with three small girls came to feed the ducks. They tore up half a loaf of bread, and the three mallard drakes who are always there had a good time; they were so full that they could hardly fly. Not only the mallards were interested. There was quite a commotion in the water as a number of fish began to feed as well, sometimes snatching a morsel almost from the jaws of a duck.

This livened up the water and raised a question of ethics. There is no doubt that fish feeding on surface food will take a fly, particularly a big white moth cast into the same area as the bread. Is it legal to use what might be called an artificial crust on a river like the Test? It is just as well not to ask. In the end the family went away, but I did see a steady dimpling well across the river where drag was a problem.

By throwing a very ragged line so that the fly would float naturally for a few moments, I managed to tempt the fish, which I brought to the net. It was a beautiful rainbow, about six inches long, an obvious escapee from a fish farm upstream—or are they beginning to breed here. I returned it undamaged with the hope that it would be just as co-operative when it grew to be a two-pounder.

**John Cherrington**


# Goat of many colours

### June Field looks at the origins and development of shawls

SHAWLS were originally worn by Persian and Indian men as a mantle, scarf, or girdle, or even wound round the head as a turban.

The word shawl derives from the Persian *shal*, meaning a fine woollen material. The most valued was made from the downy underfleece of a Himalayan goat. By the 17th century, shawls began to be brought home those who worked for the English East India Trading Company, as presents for their womenfolk.

Produced by the age-old technique known as twill-tapestry weaving, a true Kashmir shawl could take anything up to two years to complete. A vertical frame held the warp, and the weaver wove each tiny patch of colour separately, using a small, needle-like shuttle.

Eventually, the East India company started to import the Kashmir (cashmere) shawls itself; but it was soon found to be too costly, and demand far exceeded supply.

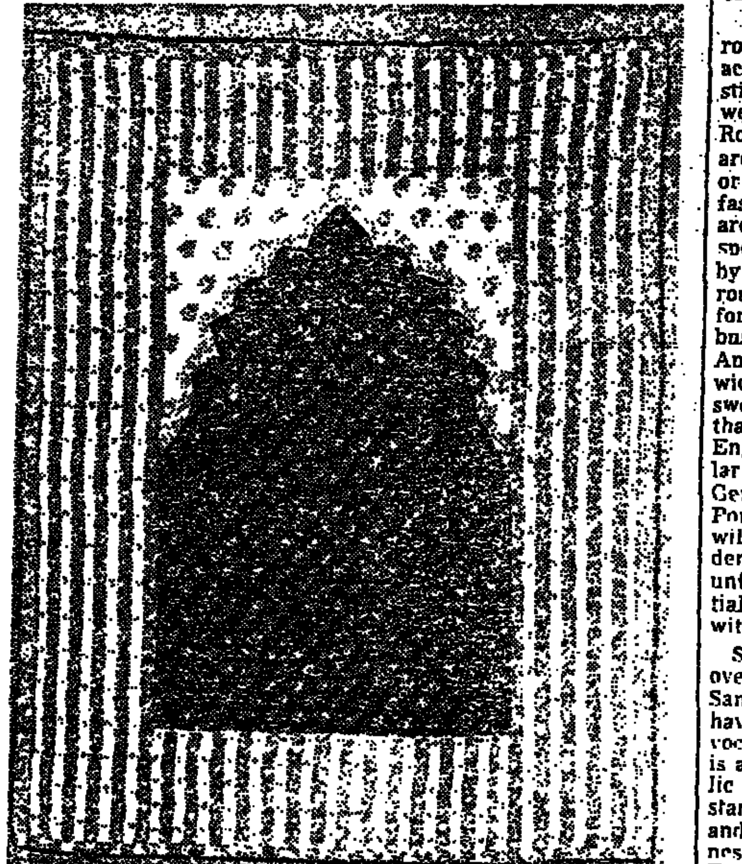
As their popularity grew, textile manufacturers in Britain started to produce shawls "in imitation of the Indian." The design of the *botch* a Persian leaf — called over here the Indian Cone or Pine — was faithfully reproduced. Scotland's Paisley Museum's booklet Why Paisley? traces the development and symbolism of this elegant teardrop shape that has become a classic in the world of decoration.

How to recognise the "kirking" shawl, an essential part of a Scottish bride's trousseau worn in church after the wedding is described in Pamela Clabburn's Shawls, a Shire publication. The shawl was white, with a deep end border, predominantly in dark blue with some crimson and green.

Although the name of Paisley is most often associated with both the product and the pattern, the first centre to come up with the copies was Edinburgh. Records show William Mortimer was in production by 1777, and the Norwich shawl industry started around 1784 when Barrow & Watson made shawls mainly for export to America.

By the late 1820s, the new technology of the jacquard loom allowed much larger and more intricate patterns to be woven at a much speedier pace.

There are an extraordinary number of variations on the basic theme. A scholarly new book, The Kashmir Shawl, by Frank Ames (£29.50 from the Antique Collectors' Club, Woodbridge, Suffolk), provides further insight into the complexities of design, shape and terminology.



A Persian patched and quilted shawl, c1820, at the Paisley Boteh exhibition

The *dhor* is the running ornament surrounding the central field; the *palla*, the large patterned borders at each end of a shawl. The "fold-over" variety is a square shawl which displays its full design when diagonally folded in half; a "ring" shawl is so fine it can literally be slipped through a finger ring. A *dochalla* is one of two long shawls woven exactly alike, which makes it double, while a *doruka* is reversible. There is also a patchwork version, made up of separately woven pieces joined together.

At the Commonwealth Institute, Kensington High Street, London W8, until May 25, The Paisley Boteh is a colourful exhibition of Kashmir, European and Paisley shawls by collectors Ron Simpson and Paul Taylor.

The evocative display includes a rare *chandar* or "moon" shawl, which has a typical central medallion with quarter ones at the four corners of the square; a sophisticated long wool and silk shawl signed Fortier and Maillard, Paris 1858; and an equally richly patterned Lyonnais example, of about 1838.

To distinguish a European copy from a Kashmir shawl, look at the reverse side. A European shawl shows the remains of the loose thread, and each colour can be seen to run from one edge to the other. The reverse of a Kashmir looks similar to the front, except that at the edge of each small patch of colour there is a line of the adjacent colour showing where one has been woven into the other.

At Leighton House, Holland Park Road, London, W14, today is the last day of a selling exhibition of Kashmir and European shawls, with some fabrics made up into robes and cushions. The organiser is Paul Jones, "brought up in Scotland in a house full of shawls," who says he began collecting as a schoolboy.

Now a specialist dealer at 135 King's Road, SW3, Paul Jones goes regularly to Boston in the United States, and Lyons in France, to find their finest items.

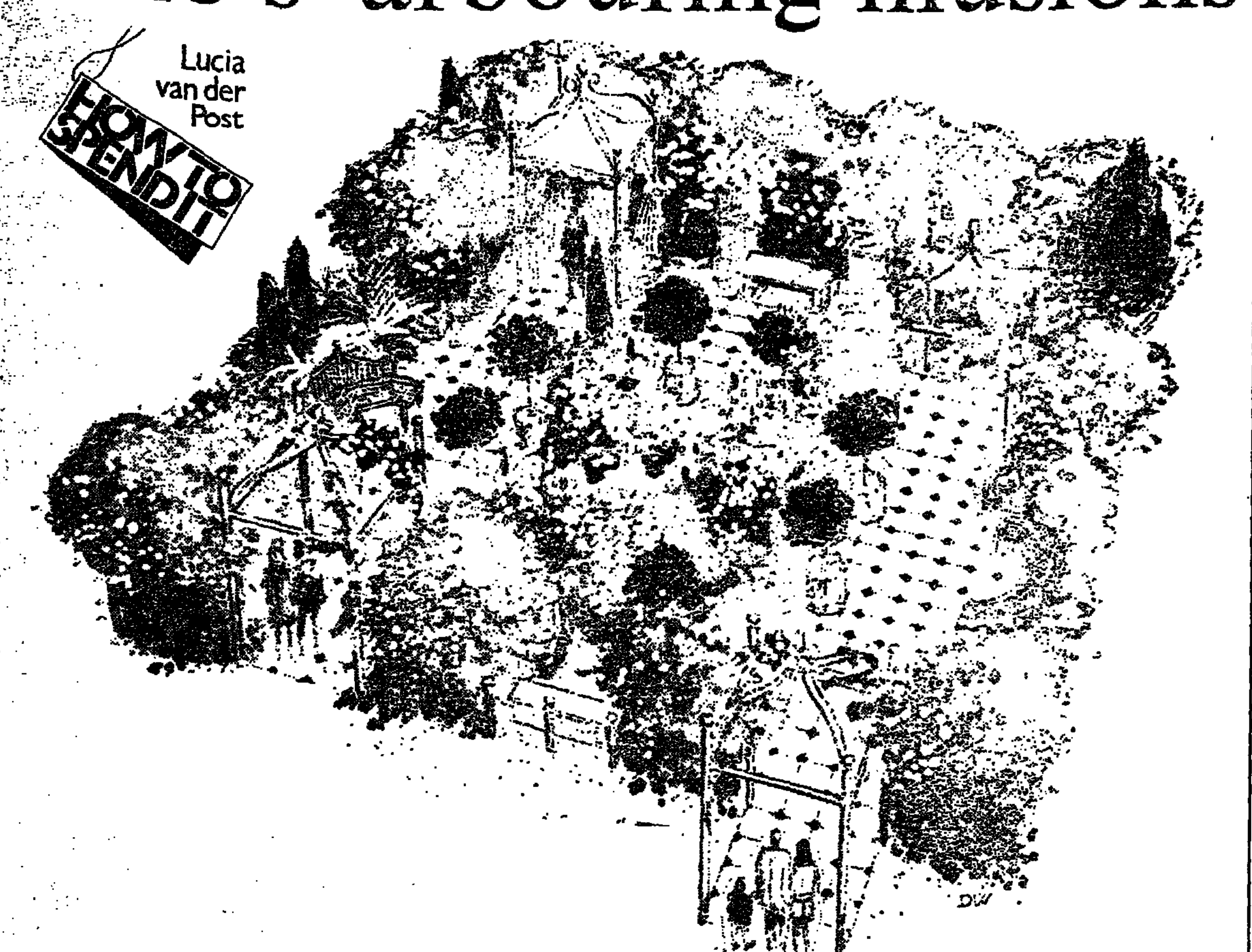
Back in Britain, customers, many of them European and Americans, pay anything from £80 to over £300 for shawls, "bought either to wear or throw decoratively over a chair."

Bloom with a view: furniture for summery days in the garden

# Who's arbouring illusions

Lucia van der Post

HOW TO SPEND IT



WITH THE arrival of the Chelsea Flower Show the summer season is traditionally declared open. Just as Wimbledon seems to fill the public courts with a host of would-be Borgs and Beckers, so Chelsea Flower Show is the spur that sends what I take to be quite another group of people rushing about with trowels and compost hoping to turn into latter-day Gertrude Jekylls.

I usually find Chelsea totally intimidating—none of the wondes therein begin to relate to the problems of my own little patch. This year, however, Michael Balston has developed a garden for Fabergé which, though certainly bigger than my particular pocket handkerchief at 41 feet square, is small enough to encourage many an urban gardener.

His brief was to create a show garden and furthermore one that would publicise Faberge's new scent Fleurs du Monde—factors that most of us would not be bearing in mind when creating a garden of our own. Nor would most of us stick rigidly to a pink, white and pale blue colour scheme.

But anybody wondering how to give a small garden life and interest, how to disguise its only too limited dimensions, should make a point of wandering through the Fabergé garden.

It is, above all, a garden to go into—it isn't designed to be viewed from outside all at once. It gives up its pleasures gradually as you go depeer into it.

With a small garden, Michael Balston believes, it is crucial not to expose its boundaries—if you do, you expose its limitations. Many people with a tiny urban patch make things even worse by planting round the edges, thus reinforcing and even diminishing the boundaries even further. From the Fabergé garden you learn how, by obscuring all the boundaries, by creating endless screens and filters with plants, you are at no stage aware of quite how small it is. An illusion of greater depth and space is created.

Michael Balston has used four arbours to make a parallelogram (much more interesting visually than a square) and four 25-year-old bay trees with twisted stems, to make an octagon. As you move round the garden these all provide a focus but the visual relationship is always different. Most gardens at the Flower Show are designed strictly for looking at but this one is a garden to go into, to learn from and to encourage those with just a small urban patch to play with.

## Something borrowed

SOME OF the best buys for women this summer are to be found lurking in menswear departments. Borrowing clothes from the male of the species is nothing new—ever since Coco Chanel showed us how much better she could look (and how much more comfortable she coud feel) wearing roomy turn-ups and easy jackets, no man's wardrobe has been safe from the women in his life.

One of the blessed advantages that menswear has to offer is that quite often designers are more content to leave well alone, to offer a classic line undisturbed. If, for instance, you want a plain, traditional cardigan in a classic colour like navy-blue you are infinitely more likely to find it in a good menswear shop than in any fashion store. The man's cardigan will have good plain buttons and a lean long line while the female version will probably be cut too short and will be spoiled by some fancy extra details.

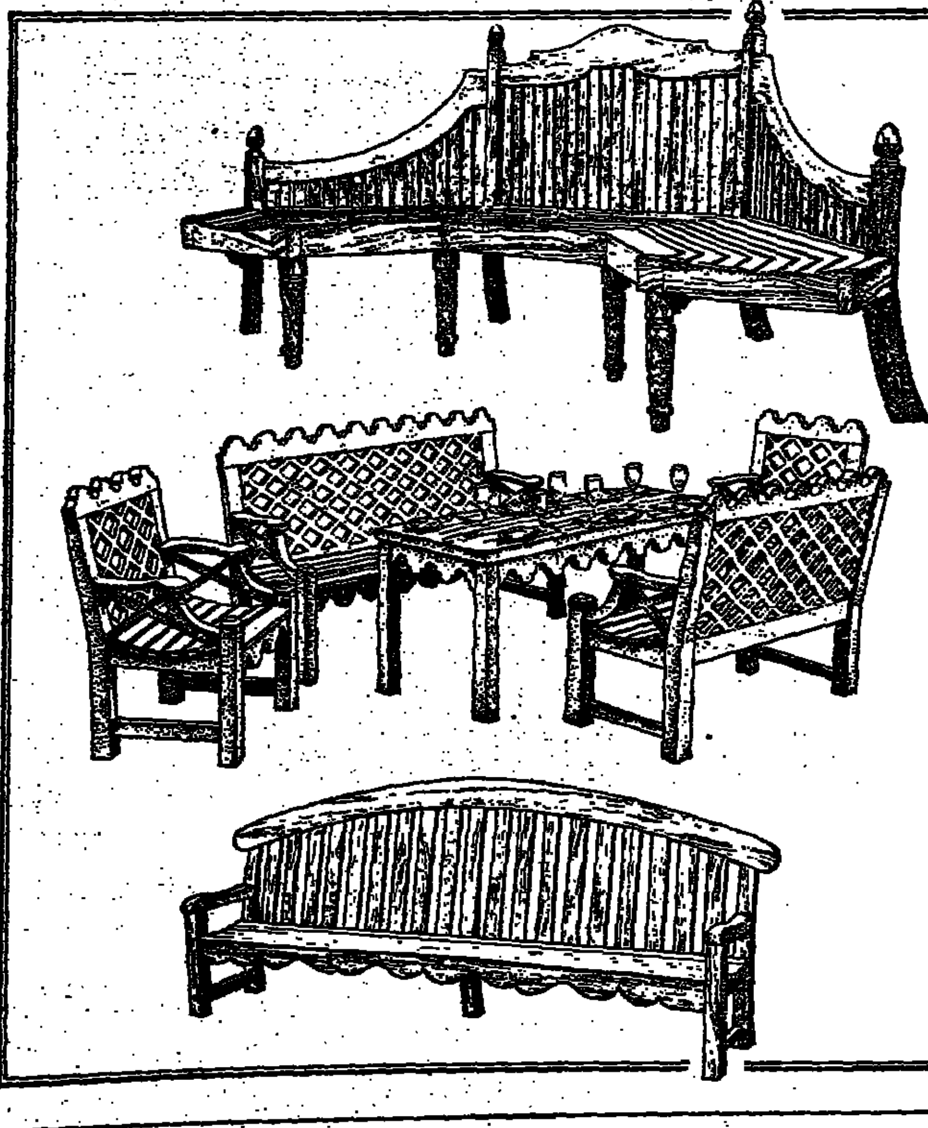
This spring there are two garments from Marks and Spencer's menswear departments that would make particularly useful additions to a summer wardrobe. Most stunning (and why on earth not make it for women) is the long, long cable-knit cricketing cardigan or sweater. In soft maize with white, worn with a lean long skirt, it looks a million dollars. You will have to move fast if you want one. At £27.50, in either maize with white stripe or white with turquoise stripe, they are made from 67 per cent cotton, 33 per cent acrylic and can be found at Marble Arch and other selected stores.

Warn underneath is a man's polo shirt. In 100 per cent cotton, these come in a wide range of colours and cost just £18.99—a bargain if ever I saw one.

Sketched right, is another simple sweater to add to your summer wardrobe. In 53 per cent cotton, 37 per cent acrylic, this comes big and roomy to top skirts or trousers, and in pink, white, bright green or bright green or bright blue there should be room for it in most wardrobes. £18.99 from selected Marks & Spencer stores.

**LvdP**

## Tasteful timber



FOR YEARS garden departments have offered garden furniture more suited to the blue skies and certain sunshine of the South of France than to northern climes. Brightly coloured parasols, floral-patterned swing-seats and garishly striped deck-chairs were what the department stores thought we wanted. Happily things are changing and those who prefer natural timbers, gentle greys and green have more to chose from every year.

Sketched left are three splendidly sturdy benches, which should look entirely at home beneath grey skies and admist soft green foliage.

Top, designed by Michael Balston (designer of the Fabergé garden) for The Landscape Ornament Company, Voysey House, Barley Mow Passage, Chiswick, London W4, is this large semi-octagonal seat in carved Iroko, which serves as a marvellous focal point. At £2,560 it seems expensive but should last forever. See it at the Chelsea Flower Show, and at The Chelsea Gardener, 125, Sydney Street, London SW3.

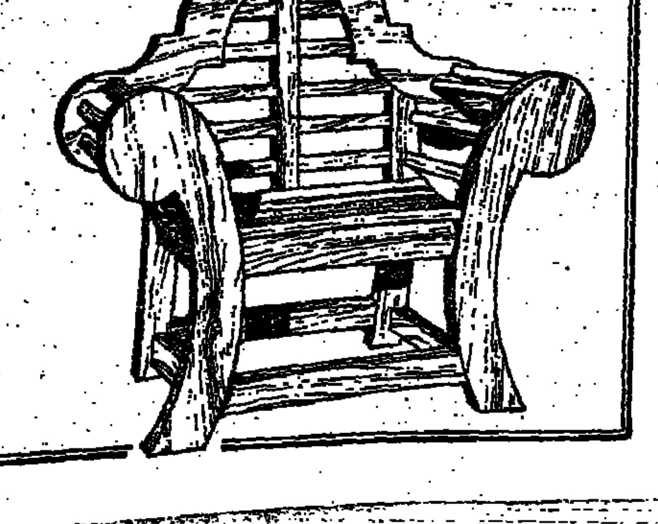
Andrew Designs of Bourne Lane, Much Hadham, Hertfordshire, has an excellent range of garden furniture and this selection (centre) is the latest—the Indian Lattice Collection. Painted dark green, sample prices are £595 for a two-seater, sun-longer £465 and dining chair £245. For a brochure send two 1st-class stamps.

The wide Windsor seat (below) is also by Andrew Crace Designs. Twice the length of the standard Windsor, it is in natural Iroko, £642.

**LvdP**

## Country seat

**Photographed here is another Andrew Crace Design—an Edo armchair to go with either the large or small Edo seats. New, too, this year to the Edo collection is a beatifully imposinig high-backed three-seater seat and a related high-backed dining-chair, at £485 and £225 respectively. The whole range is in Iroko and can be painted to order. The cost is £660.**



## Piggery jokery

*Just what the pompous garden needs to deflate it a little—a piglet, made of Kett Codestone which looks indistinguishable from natural stone. A creation of Michael Balston's for The Landscape Ornament Company, it is £115 direct from the company or from Harrods or The Chelsea Gardener.*

Cookery

## Pasta fashion

FIFTEEN or so years ago, eggs were a popular choice for a quick and light lunch or supper dish. When in doubt the answer was an omelette. No longer. Eggs today may be fresher and more likely to be free-range but we worry about their high cholesterol content. We ration ourselves to four eggs a week—and to gulp down most of that ration at one sitting seems foolhardy.

Attitudes to pasta have also changed—in this case for the better. Formerly, the word most frequently associated with pasta was "fattening." Pasta was fast food: cheap, cheerful, unsophisticated. Teenager's food.

Then pasta became fashionable—and its reputation as fast food went by the board. Fashionable pasta was pasta made at home, lovingly woven and spun in a stripped pine kitchen, with the aid of a machine perhaps, a machine whose high cost always seemed to me strangely at odds with the basic peasanty nature of the food it produced.

The fad for making pasta at home is now on the wane and pasta-making machines are joining slow-cookers, waffle-makers, sandwich-toasters and other gadgetry, gathering dust in the back of kitchen cupboards.

This does not mean that pasta is becoming past tense food. On the contrary, the ascendancy of pasta continues. Pasta has graduated from frivolous to serious eating, endorsed by nutritionists as healthy.

The reason for the demise of pasta-making machines is simple: making pasta at home demands more time and more skill than most of us possess. And fresh or semi-fresh pasta of good quality has become increasingly easy to buy.

In most shops today you will find plain durum wheat pasta, egg pasta, spinach pasta and wholewheat pasta. The last mentioned sounds extra healthy.

Eat wholewheat pasta by all means if you enjoy it. If you dislike it, avoid it with a clear conscience. I dislike wholewheat pasta very much. It may be marginally more healthy but to me it tastes a bit like sawdust. It rasps against the teeth and makes some sauces seem curdled. If it were the only pasta available, I would choose to eat it very rarely indeed.

I'm all in favour of a healthier diet but there are limits and I can't help feeling that the wholewheat lobby has rather overplayed its hand. Wholewheat is not the answer to everything.

Here is a pasta recipe which I think can reasonably be described as fairly healthy.

**BEAN AND PASTA SOUP**

This is not the sort of soup to serve as a first course for dinner. I find it soothing and restorative on a cool day after a long walk or gardening session. I suggest you use 2 oz pasta, by which I mean 2 oz fresh pasta. This is, roughly speaking, the equivalent of 1½ oz dried pasta. Serves 4.

**Generous ½ lb runner beans; ½ lb broad beans—fresh or frozen, shelled weight: 1½ oz flaked almonds or cashew nuts; 2 oz macaroni or other small, short cut pasta; 1 onion; 1-2 garlic cloves; olive oil; a little pesto sauce (small jars of this basil-flavoured sauce are now to be found in many delicatessens and supermarkets, sold under the Sacla label); 2½ pt good stock.**

Grind the nuts to a powder, using an electric coffee or spice mill for preference, then toast them in a dry frying pan, or in the oven or under the grill. Take care not to let them burn.

atatñ h hm

Chop the onion and soften it gently in a tablespoon of oil in a large soup pan. Add some crushed or finely chopped garlic, the broad beans and 2½pt good stock. Bacon stock is perhaps best for this soup but any good stock will do. Bring to simmering point, cover and cook gently until the vegetables are tender. Put the contents of the pan into a food processor or blender, together with the ground and toasted nuts, and whizz to a purèe. (Everything up to this stage can be done well ahead, and I find this basic soup mixture freezes well for a week. I have not tried keeping it longer so cannot vouch for that.)

Shortly before you want to serve the soup, steam the runner beans, cut into short lengths, and bring the basic soup back to simmering point. Drop the pasta into the soup pan and cook until al dente. Add the runner beans to the soup, season to taste and stir in the pesto. Thin the soup as necessary with some of the bean cooking liquor and serve garnished with fresh chopped herbs if wished.

**Philippa Davenport**

# Letters to my love

**WALLIS AND EDWARD LETTERS 1931-1937: THE INTIMATE CORRESPONDENCE OF THE DUKE AND DUCHESS OF WINDSOR**
edited by Michael Bloch.
Weidenfeld and Nicolson, £12.95. 308 pages

THE RAPIDITY with which this book of intimate letters by the Duke and Duchess of Windsor has been published, within weeks of her funeral, smacks of that punctuality that governed her entire life. The Duchess was always an early riser in spite of keeping late hours. She was invariably among the first guests to arrive at any party. Now, exercising her authority from, as it were, beyond the grave, she is determined that her version of the love affair that culminated in her divorce from the shipping broker Ernest Simpson, and marriage to the ex-King of England, shall reach the public well in advance of any biographer who might be tempted to benefit from her death by telling "the full story."

The Duchess has been fortunate in the custodians of her archive. Not only has it been preserved down to the last hastily scribbled, undated note, but the material has all been arranged chronologically, with just the right amount of explanatory footnoting by the editor Michael Bloch, together with relevant quotations from the couple's previously published works, in such a way that it can be read with ease as a continuous narrative. It runs from the time at the beginning of 1931 when, living with her husband at Bryanston Court, W1, Wallis first met the then Prince of Wales at a country house party, to that day in June 1937 when she became his wife.

Does this fresh presentation of these familiar events, from within the minds of the chief participants, tell us anything we did not know before? Does it come any closer to enabling us to understand how it could all have happened as it did? Do we now have a sharper, clearer view of the ill-starred, middle-aged Romeo and Juliet at the centre of the stage? The answer to all these questions is emphatically positive. No previous book on the subject I have read has anything like the immediacy of this one nor the wealth of detail, all of it fascinating, re-creating a way of life so remote from that of the present day.

It is a touch too facile to say that it reads like a novel. To be sure I turned the pages much more quickly than I do most new works of fiction. Moreover, the "plot," so full of financial considerations as well as amorous, could have come straight out of, say, Edith Wharton. A young American woman of good but impoverished stock arrives with her dull, hardworking second husband, and gains a foothold in the extravagant, spoiled, amusing society of pre-war London, the music of time set. Her striking appearance, social poise, ready wit, gain her entry into some of the more exclusive drawing-rooms frequented by members of the aristocracy. Here she is taken up by its most eligible bachelor, becoming eventually his reigning favourite.

At this point the novelist would have shown how the calculating American woman entrapped the free-and-easy Prince in her web leading to his destruction, or in an alternative, more Jamesian scenario, how the open, receptive but basically innocent American consciousness of the heroine failed, in a blaze of glory and glamour, to see the snares and pitfalls behind the facade of worldliness and tradition.

In reality neither of these explanations meets the case though it contains elements of both. After a very slow beginning, the banal Bryanston years, made up mainly of bridge, shopping, and cocktails, everything becomes plunged into confusion as the various conflicting pressure - groups stemming from the Crown, the Cabinet, the House of Commons, the Press, the Clergy, bear down upon the two principals to the point where they seem incapable of making any significant act of will of their own.

It is clear from a letter written in 1936 after Wallis had started divorce proceedings, printed here for the first time, that she had a lucid moment of foresight and did make one serious effort to pull back from the brink. She writes breaking off the affair:

"I am sure dear David that in a few months your life will run again as it did before and without my nagging. Also you have been independent of affection all your life. We have had lovely beautiful times together and I thank God for them and know that you will go on with your job doing it better and in a more dignified manner each year. That would please me so. I am sure you and I would only create disaster together."

But by then this option of rupture was no longer open to her. The infernal machine she had set in motion was running so quickly in top gear that it simply could not be put into reverse. A few days later she has left Bryanston Court for a rented villa in Felixstowe to establish residence in Suffolk so that her divorce could be heard in Ipswich.

When it was over her former husband wrote to her, the one occasion we hear his voice in the book:

> My thoughts have been with you throughout your ordeal, and you may rest assured no one has felt more deeply for you than I have.
> For a few pence each day I can keep *au courant* with your doings. . . .
> . . . And would your life have ever been the same if you had broken it off? I mean could you possibly have settled down to the old life and forgotten the fairy land through which you had passed? My child, I do not think so.

The route which led Wallis to that fairy land is mapped here mainly through her letters to her Aunt Bessie, a widow living in Washington DC, with whom she kept up a regular correspondence, and whose homely intelligence *fitted her perfectly for the* role of confidante. The letters to her are spontaneous, uninhibited, the outpourings of someone who, though no great author, has the knack of putting her thoughts down just as they occur. Gradually as Wallis's social circle widens the names become more glistering, Margot Asquith, Sybil Colefax, Emerald Cunard, Diana Cooper. The love letters proper dominate the latter part of the book but the family ones never completely die out. How adaptable Wallis was! As the couple's passion grows, and the crisis deepens, the letters between them (partly written in their own private language) become daily and at times hourly records of their state of mind; his over-masterful weakness and her pitiful strength. They lived under the maximum scrutiny in spite of the Duke's successful attempt for a time to gag the British press and that condition seems unlikely to cease with their deaths.

**Anthony Curtis**

The Duke and Duchess of Windsor after the wedding on June 3, 1937

# Sage who sparkled

**The Collected Works of Walter Bagehot: Vols XII and XIII (letters) £80, 711 pages; Vols XIV and XV (miscellany), £80,, 901 pages**
edited by Norman St. John-Stevas. The Economist.

THERE ARE 22 entries from Walter Bagehot in the Oxford Dictionary of Quotations. There might well have been 220. No writer is more pre-eminently quotable than Bagehot: no writer was ever better at picking up good quotes from other people. From the fourteenth volume of this admirable new edition of his Collected Works, the following are a few of Bagehot's own memorable quotes. "Difficult affairs are not managed at railway speed." "Our statesmen are deficient in original ability, because we have made it a condition of their career." "In the faculty of writing nonsense, stupidity is no match for genius."

Most Bagehot quotes seem to spring not from solitude in the study but from the hum of conversation; and while they usually pivot on the relationship between characters, institutions and atmospheres, they cover every kind of topic in politics, economics, literature and, not least, religion. Bagehot's close friend R.H. Hutton wrote of his "racy" conversation—he never indulged in monologues — and President Woodrow Wilson, a great admirer, wrote of his prose style long after Bagehot's death in 1877 that just like his thought it always had a "quick strike, an intermittent sparkle, a jet-like play, as if it were a bit of sustained talk." It was a fair comment, but Wilson required more words to express it than Bagehot ever would have done.

Bagehot's quotes are effective even when taken out of their context: some of them take the form of axioms, others paradoxes. In fact, however, Bagehot was deeply interested in specific context; he believed that as circumstances changed the kind of people called upon to deal with them changed, and he was never prepared to dispense with relevant detail. For these reasons he is an indispensible guide to Victorian Britain. G. M. Young, who thought of history as a kind of eavesdropping on conversation, called him *Victorianorum maxime* if not *Victorianorum maximus*.

"You have to read him," he claimed, in order to understand the relationship during what Bagehot himself described as "an age of discussion" between what was topical and what went deeper in Victorian culture. In fact, Bagehot is a more stimulating Victorian correspondent to posterity than Dickens and Trollope with whom he has been compared. He once stated categorically that "literary men can say strong things of their age, for no one expects that they will go out and act upon them," knowing well that he was more than a literary man: people were prepared to act on what he said. He could influence both Whitehall and the City, and as Robert Giffen, his last deputy editor at The Economist, observed, his Physics and Politics had a "remarkable influence" on foreign opinion also. His suspicion of theory made him none the less a very English correspondent to posterity, capable, as his obituary in The Economist put it, of making abstractions lose their dullness and imagination seem practical.

The 15th volume of this edition includes eight obituaries and 17 other tributes, among them 20th century tributes from two Prime Ministers, Wilson and Macmillan: the notes of a third tribute from Heath have unfortunately been lost.

There is no doubt that much of Bagehot's writing seems to excite Prime Ministers at least as much as historians. Indeed, it has a *contemporary* rather than a Victorian flavour. Bagehot detested Victorian cant as much as he praised Victorian economic achievements, and he was deeply concerned when he turned either to politics or to commerce with timeless as well as with changing social psychology. The dangers of theory, as he saw them, invited analysis rather than precluded it, the kind of analysis, often ironical, which stripped away all reverence.

At the same time, he explained the social significance of reverence and appreciated, with exceptional clarity the importance of what he described as "the cake of custom." He was limited in compassion, but never savage in his irony. The tone was intellectual. "Nothing is more unpleasant," he claimed, "than a virtuous person with a mean mind."

The 12th and 13th of these volumes consist of Bagehot's letters, most of them published before. They are often as pointed as his published writings and equally rich in insights. They reveal how he came to think and write as he did. They also include love letters to Eliza Wilson, whom he married in 1858 and who survived him by 44 years, and they add to our knowledge of how he came to feel as he did. The style is the same as in his essays—with an extra touch of fun. "A small party is always pleasanter. There is not so much competition for food." Appropriately the last letter—in pencil—is to Hutton, written five days before his death. The first of its two sentences reads "I think you must have had the evil eye when you complimented me on my appearance."

Hutton knew more about Bagehot than any of his contemporaries. Norman St John Stevas knows more about him than any of his. He has edited his 15 volumes, with the greatest skill—his footnotes alone are worth the money—and in the last volume he includes perceptive pieces of his own, including one on religion. "If journalists ever select for themselves a patron saint," he writes, "Bagehot will have an irresistible claim to the position." The fact that it is irresistible owes everything to him and to The Economist which has backed this project consistently throughout a 25-year undertaking. All the evidence for canonisation is now set out. But if there were ever to be talk of a halo Bagehot would want to tear it away.

**Asa Briggs**

# Ved when young

**SOUND SHADOWS OF THE NEW WORLD**
by Ved Mehta. Collins £15.00. 430 pages

IN HIS new book, Sound-Shadows of the New World, Ved Mehta describes the three years which he spent as a pupil at the Arkansas School for the Blind in Little Rock, graduating there in the early 1950s. The book is concerned in part with the sense of cultural dislocation experienced by Ved—a blind, 15-year-old schoolboy with a limited knowledge of English—when he first arrives in America. He gradually begins to identify with his adopted country—"so much so that I came to feel that the themes of American history and my personal history were intertwined."

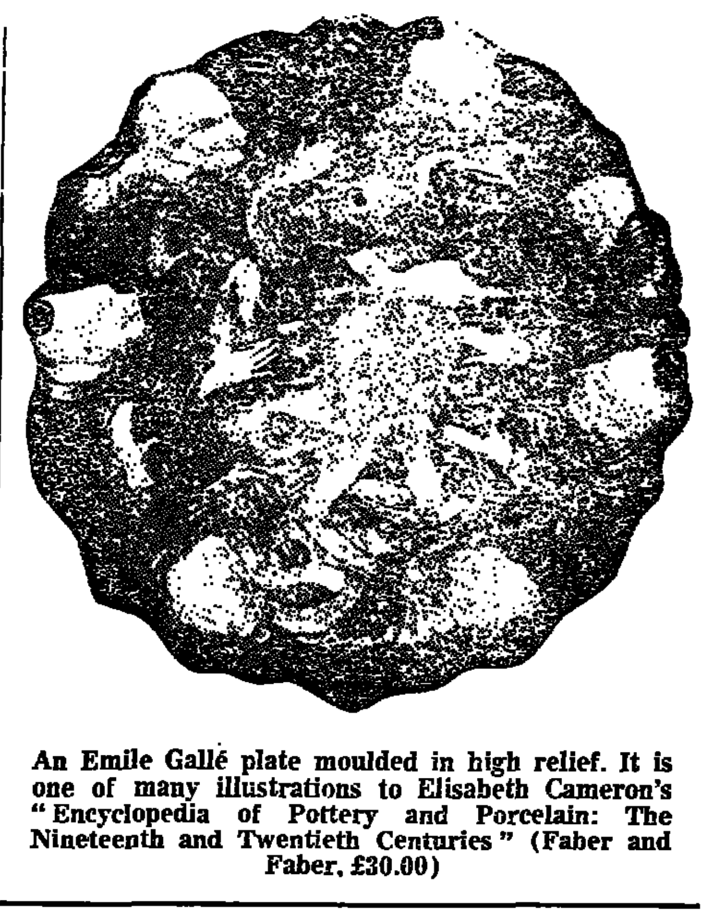
At the same time, Ved remains baffled and disquieted by a number of aspects of American life. He worries a great deal, for example, about whether he should assume the same happy insouciance as other American schoolboys in his relationships with women, and finds himself torn between his cousin Yog's advice "to act boldly like an American—to go out on dates and have a good time" and his father's adjuration to continue "keeping away from temporary cheap pleasures like dating." Ved also experiences some difficulties in his dealings with the more energetically evangelical Christians whom he encounters during his years in the Mid-West: his piano lessons are repeatedly disrupted by the music-mistress's invitations to kneel with her in everprayer. ("'Those who don't believe in Jesus? They're damned to burn in Hell forever,' Miss Holt said, a little impatiently.")

Whilst this book traces the feelings of the younger Ved in some detail, quoting extensively from his diary, events are considered, too, from the viewpoint of the older writer, musing on his past naïveté, and emphasising the distance from which he surveys his late adolescence:

> The three years of my life I had spent in Little Rock became sealed in a compartment in my mind which I dreaded to open, not so much because they had been unhappy as because, in retrospect, the near-total submersion in a residential school for the blind seemed to accentuate my blindness.

Much of Sound-Shadows of the New World is, in fact, devoted to descriptions of the experience of being blind and attempting to move out into the world of the sighted. In one entry in his boyhood journal, Ved declares that "most of modern literature seems disgustingly overwritten to me." He himself writes with a reflective simplicity which accentuates the humorous as well as the touching elements in his story. One of the many attractions of this book is the restrained, unsentimental manner in which Mehta discusses his own attempts to face the problems of blindness—and the unhappiness of separation from a much-loved family.

**Chloe Chard**



An Emile Gallé plate moulded in high relief. It is one of many illustrations to Elisabeth Cameron's "Encyclopedia of Pottery and Porcelain: The Nineteenth and Twentieth Centuries" (Faber and Faber, £30.00)



# Pasternak pays respects

**LETTERS: SUMMER 1926**
by Boris Pasternak, Marina Tsvetayeva and Rainer Maria Rilke. Edited by Y. Pasternak and others, translated by M. Wettlin and W. Arndt. Jonathan Cape, £15.00. 251 pages

THIS BOOK translates 49 letters written in German and Russian during the long summer of 1926, by three poets who never met. Rilke was to die in December of leukemia, in Switzerland: his meeting with two Russian poets who adored him postponed until it was too late. Self-exiled from his native Prague, and the oldest, he was also the luckiest of the three. Tsvetayeva was to commit suicide in 1941, her family a victim of Soviet oppression; Pasternak was to live till 1960, two years after his novel Dr Zhivago had brought him sudden and lasting fame in the West.

Rilke was one of those strange beings, scarcely known before this century, who love words and places more than people. His visits to Russia in 1899 and again in 1900 with Lou Andreas-Salomé had inspired him with a mystical love of a land which he transformed into pure idea: a bastion of the instinctual life against the greed and rationalism of the modern world. Russia was the past, and it was Russia that finally convinced him he was a poet. He even learnt the language, after a fashion, and wrote a few ungrammatical poems in it, dreaming of settling there; then went to Paris instead as Rodin's secretary.

These letters offer only a modest introduction to the three, however; and simply as letters they are too effusive and unspecific to give more than a fleeting notion of the poetic mind. To the late romantic, poetry is not about the real world, and it is no surprise here to find the young Pasternak translating Swinburne into Russian during the First World War. Tsvetayeva laughingly records here how, at the age of 11, her French composition was marked "Too much imagination, too little logic," and she seems proud of the double fault, as if poetry released its disciples from all rational concern. That sets the tone, which is unremittingly inward.

Though the three never met, they managed to compose a close, almost conspiratorial circle of admirers, and Pasternak's remark to Rilke that he was an Aeschylus or a Pushkin hardly seems extravagant in this context. The young Russians sucked strength from the great poet of the German language: his own attitude, confirmed here by photos, was more whimsical, as if he needed strength from nobody. His elegy for Tsvetayeva, offered only in awkward translation here, is hard to judge, and the editing is altogether slightly wayward, with little visible distinction between the text of the letters and the editor's connective prose.

All three were in quest of a total subjectivity that would be immortalised in verse, though only Rilke found it. In fact he had found it already, which is why the two Russians needed him more than he needed them. His self-sufficiency is impressive, though not exactly endearing. Odd to see that most unfamily of men speak here (though only once) of a granddaughter he had never troubled to meet; and how perceptive of Tsvetayeva, writing to Pasternak, to notice that Rilke "doesn't need anything or anybody" — not even, like Goethe, someone to record his sayings.

Rilke lived in a lonely house in a lonely Swiss valley, and the letters of all three echo with the poet's need for solitude. It was Pasternak's strength that he did not in the end confine himself to introspection, turning himself in the last years of his life into one of the great chroniclers of the griefs of the Russian people since the October Revolution. But even here his critical asides strike one as penetrating and candid: contemporary views "assume that art is like a fountain, when really it is like a sponge," he remarks, adding that the artist needs to absorb rather than to gush. It is a remark Keats would have approved. But most of these letters are far too absorbed in themselves to instruct much about poetry, and the sense in which they instruct about poets is that they are strange, reclusive beings in love with their own company and content with the remote companionship of like minds through letters from sympathetic strangers.

It is in that sense that they are calculated to alarm. By 1926 Europe was not without its urgent concerns: Britain had a general strike, Russia was entering Stalin's 30-year tyranny, and a defeated Germany was trying vainly to nurse a sick democracy into a semblance of life. For a continent about to sink into depression, genocide and world war, these letters are disturbingly self-important. Poets can seldom prevent disaster, of course. But as Pasternak was one day to prove, they can warn and record and set an example to others. And the blank refusal of these three to attempt any such thing must look, in retrospect, like turning one's back on a demon about to strike.

**George Watson**

Fiction

# Whose body under pier?

**DEATH IS A LONELY BUSINESS**
by Roy Bradbury. Grafton Books. £9.95. 238 pages

**CLARA'S HEART**
by Joseph Olshan. Cape. £9.95. 312 pages

**THE GOOD MOTHER**
by Sue Miller. Gollancz. £9.95. 309 pages

**SALKA**
by Marcelle Bernstein. Gollancz. 318 pages

ALTHOUGH RAY BRADBURY, for many the doyen of science (and the ill-named "fantasy") fiction, has written many screenplays and stories since the publication of Something Wicked This Way Comes 23 years ago, Death is a Lonely Business is his first full-length novel since then. It is thus bound to be regarded as something of an event.

Bradbury has tried to do too many things in this new novel: combine the "hard-boiled" style of Hammett, Chandler, Cain and Macdonald (the book is dedicated to the memory of these masters) with a tender love story — and, as if this were not enough, to mix in elements of the popular detective story as well.

It is 1949 and an amusement park in Venice (California) is well into its final phase: it is being torn down. A body is found. A detective and a young hack writer for Black Mask and other magazines believe that it is a strange case of murder. The book is peopled with a host of weird characters.

Of course, in the hands of Bradbury, there are blessedly few longeurs in the treatment such trite material. The reason I may seem churlish about it is that it continually gives out the promise of being more than mere good entertainment, but never fulfils that promise. There is something in the character of the young writer that is very interesting; but we hardly get more than a glimpse. Still, it is an excellent read if that is all you want.

Joseph Olshan is a young American who won first prize in a competition with Clara's Heart. It is about a Brooklyn man who is saved from the worst consequences of his parents' conflict by his deep relationship with a Jamaican housekeeper who has strange secrets. It is intelligently conceived and psychologically convincing; but it is let down by the quality of the writing. It is readable enough, but exceedingly florid; the subtleties of the conception hardly show through in the style. Still, there is something attractive about the author's emotionalism — he is someone to read and watch.

I found The Good Mother, an honest tale of a mother and daughter, too strident. Once again, there is something attractive about the emotional approach taken (this also comes from America); but here there is, alas, no subtlety at all. One feels that the protagonist, a piano teacher, is to blame for much of her suffering because she lacks rational faculties. One must not, of course, blame an author for the sort of people she (or he) writes about. It is a cardinal error. But there is no sense at all that this author is aware of these deficiencies. The style is cliché-ridden and over-intense. It is a novel one wants to like; but it is too irritating.

By way of contrast, Salka, which also deals with emotionally intense subject matter, is highly intelligent, and has a fine Jewish sense of narrative. It begins excellently and maintains its readability throughout. It is about a girl who is sent, at the beginning of this century, to Europe from the Jewish Pale of Settlement. Everywhere she goes (Hamburg, Vienna, London and elsewhere) she must endure being the poor relation and the Ostjude (Jew from the East). She manages to overcome part of her "inferiority," and gains a position from which she can at least fight for her human rights.

This is shrewd and heartening in its portrayal of intelligence and courage; it also gives a skilful and warm picture of a bygone age. Salka is altogether not to be missed.

**Martin Seymour-Smith**

# Humorists look at clothes

**THE WAY TO WEAR 'EM: 150 YEARS OF PUNCH ON FASHION**
by Christina Walkley.
Peter Owen. £18.50. 190 pages

ONE OF the widest gaps between the British and the rest of the fashion-conscious world is an odd, probably pointless, ability to make a performance out of dress. It does not depend on cash—as any art student knows—and it certainly is not about following the crowd. The Italians dress with style, but they only pursue a single idea at a time.

One year it is all earth-colours and battle-fatigues, the next primary shades and the preppy look. But the adventurous dresser is an exhibitionist, in the best possible sense; he or she does not mind stares—nay, invites them — covert comments or even outright laughter. In Britain those who step out sartorially are subject to another notional peculiarity, laughter in the face of the unfamiliar. It has always been the case.

Christina Walkley's account follows the snorts and giggles that pursued the crinoline into its wildest excesses, the gaping expressions that met the scantily clad flapper, the yawns and gasps that greeted the New Look and the tut-tuts that followed the glad rags of the beatnik. All have passed, but none without trace and much of it remains recorded in the acerbic comment and quiet mockery of the social cartoon.

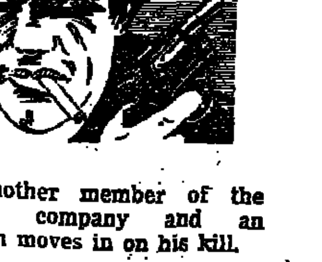
The selection is largely retrospective since Christina Walkley includes just one drawing, and only a line or two, on one of the oddest (and funniest?) of all recent fashion phenomena—the punk (a particularly British invention). Whether that is Punch's omission or the author's I have no way of knowing.

The author takes the history of fashion over the century and a half in question at a spanking pace, but offers little more than a refrain to the dominant tune of the drawings, which are in turn, supported by prolific quotes from the text of the magazine. In effect the book is an anthology. Some of the jokes keep coming back, over and over again. That has a rather comforting ring to it; old jokes are the best and in the hands and heads of a different artist or satirist can be given quite a twist. This is a light, pleasant book—but surely, over-priced?

**Gillian Darley**

# CRIME

**SOUL HUNTERS**
by George Markstein. Hodder and Stoughton. £9.95. 319 pages



ESPIONAGE is concerned with winning hearts and minds more than with gathering information.

That is the premise behind Soul Hunters, which has a pirate radio station spreading insidious rumours in the Soviet Union. In Germany a maverick US colonel prepares to light the spark to "liberate" Eastern Europe. In London a Soviet actor defects; a KGB man falls for another member of the theatre company and an assassin moves in on his kill.

This intricate web of a spy-thriller, with both sides acting with utter cynicism, will add to George Markstein's reputation as a writer whose plots verge uncomfortably on fact.

**Brian Ager**

Opera

# Birtwistle unmasked

Composer Harrison Birtwistle with Jean Rigby who sings Eurydice in his new opera The Mask of Orpheus

HARRISON Birtwistle is fond of a geographical analogy to explain how his music operates. Imagine a traveller in an unfamiliar city. He can journey *through* that city along a number of routes, constantly returning to familiar landmarks from a variety of different perspectives, and in doing so can build up an image of the town for himself, though he is never able to see the place in its entirety. So in Birtwistle's music objects reveal themselves only over time, displaying different facets in different contexts. The listener is guided through a work according to an itinerary he never grasps fully, and from which he must try to comprehend the total structure as best he can.

That image is especially useful for recent scores, like the orchestral *Earth Dances*, which the BBC Symphony Orchestra introduced in March. But it is also worth remembering when trying to come to grips with the formidable complexities of *The Mask of Orpheus*, Birtwistle's opera to a text by Peter Zinovieff, which is finally due to receive its first performance at the Coliseum next Wednesday, after dominating Birtwistle's music for more than a decade.

He began work on an opera on the Orpheus myth as long ago as 1970, when Peter Hall commissioned it for Covent Garden, and as good as completed the first two acts between 1973 and 1975; by that time Covent Garden had lost interest in the project, Glyndebourne had abandoned notions of staging it, and Birtwistle laid the score aside, with no immediate prospect of a production. In the late 1970s he was much preoccupied with work for the National Theatre, and only rekindled interest in *Orpheus* when English National Opera took over the commission; Act 3 was written between 1981 and 1983, and the tape contributions realised at IRCAM over the same period.

During that prolonged period of gestation Birtwistle completed more than 20 other works in a wide variety of mediums, but all in some way or another informed by the experience of tackling the opera. Inevitably his musical style evolved over the years too: *The Triumph of Time* (1972) and *... agm ...* (1979) are manifestly the work of the same composer, but there is a change of emphasis, and one which is reflected to some extent in the opera, between the second and third acts. Thinking himself back into the world of *The Mask of Orpheus* in order to tackle Act 3 was, Birtwistle has admitted, the hardest thing he has had to do.

Surveying this opera one soon realises how much a product of the early 1970s it still is, and how it both summarises and develops Birtwistle's main preoccupations at that time. Though vastly elaborated its structure follows on from that of his "tragical comedy or comical tragedy" *Punch and Judy* (1967): *Orpheus* is a number opera too, but one with an intensely wrought formal structure—a sequence of "Songs of Magic," "Love Duets," "Arias of Prophecy," "Allegorical Flowers," "Passing Clouds" and so forth, whose function, however high-flown their nomenclature, is essentially to impose a rigorous dramatic framework upon the work, to give it a ritualistic strength.

Zinovieff's libretto is certainly diffuse and utilises an arch literary style. But at the same time it seems peculiarly suited to Birtwistle's requirements, for a straightforward retelling of the Orpheus myth à la Gluck or Offenbach would have been quite untenable. His music has never operated in a direct, linear way and therefore, he requires a dramatic scenario to be similarly oblique, touring around the bundle of Orpheus myths and throwing oblique glances at it—the image of the traveller in the city once again.

So *The Mask of Orpheus* is able to deal not just with one of the Orpheus legends but with several, often contradictory versions of the story at the same time, and to articulate these multiple layers of narrative the principal characters themselves have to take on multiple representations. Orpheus is shared between three elements—Orpheus the Man is sung by a masked high baritone, the Myth represented by an elaborate puppet with a second high baritone offstage, the Hero by a mime, also masked. Both Eurydice and Aristaeus are also given triple representations. All three forms of a character may be present on stage at the same time, sharing arias or presenting the contradictory aspects of the legends simultaneously.

Yet this complex hierarchy of forms and meanings is given a clear and consistent overall shape—from the birth of language and music in the opening minutes of the opera to Orpheus's death and legacy in the final act. The first act deals with the invention of language, Orpheus's acquisition of magical powers from Apollo, his love for Eurydice and her death; the second with his adventures in the underworld, the third with his reputation as a religious teacher and his death and sacrifice to Dionysus. Into each of these is woven the parallel myths, and overlaid on them is a series of unrelated stories from Ovid: these Passing Clouds and Allegorical Flowers are short passages of mime and music that interrupt the main course of the opera, fleshing out the body of the story, giving it a rich subtext.

What must ultimately keep the whole edifice from flying apart is, of course, Birtwistle's music. The first two acts use a style which will be familiar to anyone who knows the earlier music, in pieces like *The Triumph of Time*, and *Nenia—The Death of Orpheus*, though the textures now are even more dense, the vocal writing further elaborated. The third act then picks up his evolution six years later, when his style had become even more highly organised, its internal pacing more consciously ritualistic.

Throughout the 1970s it was known that the Orpheus project lay behind almost everything Birtwistle was writing, not in the sense that the concert works were studies for the opera, but as a method of dealing with musical material which permeated every aspect of his work. Now the background to all those pieces will be revealed.

Still an utterly unknown quantity, and perhaps more intriguing than any other aspect of the piece, is the electronic music that Birtwistle composed for the opera at IRCAM, with the help of Barry Anderson. News from IRCAM suggests great things of some of the elements. Each of the six Passing Clouds and Allegorical Flowers consists of an independent electronic composition, using computer-processed harp sounds to produce music of extraordinary fury and lyricism, while the voice of Apollo is also computer-generated; he periodically punctuates the action to demonstrate that he is the god who is in control of all the events, and who is eventually responsible for Orpheus's destruction. On a less apocalyptic level electronics also supply the "Auras," washes of sound that can evoke the buzzing of bees at one point, the surge of the sea at another, and provide an aural backdrop to much of the action.

Exactly how all these elements gel together, and how effectively the opera projects the total dramatic framework, of course, only performance will reveal. But Birtwistle's track record as a composer of proven dramatic instincts is undeniable: in works as various as *Punch and Judy*, *Bow Down*, and the music he supplied for the National Theatre's production of *The Oresteia*, he has consistently demonstrated his understanding of the roots of drama and how at the most elemental level he can manipulate and enhance them. There is no doubt *The Mask of Orpheus* tests that ability to the limit and that potentially it could be an operatic premiere of quite extraordinary significance.

**Andrew Clements**

An aerial view of Somerset House, due to become home to the Courtauld Institute in 1989

# Revival of a frozen asset

THE SCANDAL about the Courtauld Institute, according to its director, Professor Michael Kauffmann, is not so much that the slog of raising £5m to move to Somerset House has proved so tortuous that the moving date has had to shift from 1987 to 1989, though that is bad enough.

It is that William Chambers's masterpiece, one of the last great neo-classical palaces in London, on a prime site on The Strand, has been empty for more than a decade and closed to the public for more than a century. Sir Nicholas Goodison, chairman of Courtauld's management committee, is no less appalled that Somerset House is not only a sleeping beauty which the institute is having to revive single-handedly, but a wasted national asset virtually ignored by government.

"It was the first home of the learned societies—the Royal Academy, the Society of Antiquaries and the Royal Society—and it was one of the earliest known public buildings in London," said Kauffmann. "It is an absolute disgrace that it has been left to moulder.

"If this building had been in Paris or Rome or Berlin it would have been a major tourist attraction. They would have made something of it — a great concert hall or a picture gallery — but only in London could the place have become completely unknown. A national scandal, I would call it."

Kauffmann's predecessor, Peter Lasko, won a bitter fight to unite the two elements of the Courtauld by getting Parliamentary approval to move to Somerset House, and launched an appeal for funds in 1984; the Office of Arts and Libraries dipped in straight away with a modest £50,000. Now, in the words of appeal organiser Mrs Jane Benson, "We can see £3m," all raised by the institute itself.

"The Government likes self-help," said Sir Nicholas, "and it should show its approval of what we have achieved by contributing a decent sum of money." He believes it should match what the Courtauld has raised pound for pound, or at least give another £1m.

Sir Nicholas, who has a PhD in architecture and history of art, is puzzled by the attitude of politicians, with whom he spends quite a lot of his time. "Sometimes I am not sure if they are aware of how important this building—and this enterprise—is."

He appointed Harry Morton Neal, head of the Harry Neal construction company, to the board of trustees for the fund and made him chairman of the appeals executive committee—"a man who understands building." Their drive has persuaded such city connections as Arthur Andersen and Citibank to promise £100,000 each, with lesser but still substantial amounts coming from the national banks and other companies. Family trusts like the Henry Moore Foundation (£25,000) have responded, one magnificently and anonymously for £300,000. The City Guilds have chipped in, led by £30,000 from the Goldsmiths.

To many, it has been equally scandalous that the institute has been separated from its renowned picture collection for 30 years because of lack of space at Portman Square—and the Courtauld Collection still attracts 80,000 visitors a year to its fifth-floor rooms in Woburn Square, Bloomsbury.

Courtauld Galleries director Dr Dennis Farr has just made a controversial deal with IBM.

IBM is to pay the Courtauld $500,000 to permit 50 of the finest French Impressionist and Post-Impressionist paintings to tour five American cities, the costs borne by the American hosts and IBM. A professional fund-raiser will also try to raise at least another half million. The trustees of the paintings are allowing the tour next year on the understanding that they never travel again.

Meanwhile, the Property Services Agency and London University (of which the Courtauld is the art history department) are circling round the lease for Somerset House, which should have been signed last March, which Professor Kauffmann confidently expected would be signed by this March, and which will not now be signed until the summer. They are waiting for quantity surveyors to report and for the appeal fund to be able to promise—not necessarily have—enough cash to pay for the move.

It is a glorious irony that the institute will move from one of Robert Adam's masterpieces, 20, Portman Square, to that of his great neo-classical rival. The Witt and Conway Libraries, containing 2½m photographic references, will occupy the east and west wings of the north block (the later Georgian, non-Chambers, sides will still contain civil service departments) which will be adapted by architect Sam Lloyd. The libraries will go into what could have been tailor-made day-lit basement galleries.

The central Fine Rooms are reserved for the pictures, and working drawings have been completed by Christopher Firmstone, another Chamber[s] disciple. The magnificen[t] mouldings around doors and on ceilings will stay, so will the fireplaces and windows, but the larger rooms will need humidifiers to meet modern conservation requirements.

Ceilings painted and sculpted by Royal Academicians such as Cipriani, Benjamin West, Angelica Kauffmann, John Bacon and Reynolds himself remain, though some were taken with the RA to Burlington House in 1867, to be replaced in recent times by sepia-tinted photographs.

The famous Great Room where the Summer Exhibition was held, is to be transformed with its 20-foot high wall divided by a balcony, so that it will remain the chief picture gallery but better fitted for modern viewing. While 30 per cent of the 500-plus pictures in the collection can now be seen in Bloomsbury, 80 per cent will be on show in Somerset House.

Last summer Charlton Heston was visiting the Woburn Square galleries and stopped in front of Manet's *Un Bar aux Folies-Bergère* and remarked "I didn't know that was here," adding after a pause "I didn't know *here* was here."

**Simon Ta[i]**

A COMPLETELY separate and rather romantic appeal aims to raise £300,000 to equip the lecture theatre the Courtauld will need in Somerset House. It is being raised by the influential Kenneth Clark's friends. Personal letter are going out from Sir Brinsley Ford, Lord Drogheda, Sir Frederick Ashton, John Piper, Dame Irene Worth, Yehudi Menuhin, Clark's publisher John Murray and Lord Thomson of Monifieth, chairman of the IBA.

# Haute couture jumble

Saleroom

THE Duke of Wellington's underclothes, which he willed to his last girl friend, Lady Salisbury, make a provocative appearance at Sotheby's next week. They are part of a costume sale on Tuesday, surrounded by glamorous cocktail dresses of the inter-war years, the creations of Patou and Lanvin.

The Duke's pants might make £500; a Patou crepe-de-chine dress, £2,000. For the *haute couture* of the early decades of this century has become the most sought after sector of the costumes and textiles market, a market which since its first appearance in the saleroom in the late sixties has established itself as consistently buoyant.

The only rival, in price, to the works of the great 20th century designers are the costumes of the 18th century, and they are becoming very rare, especially those of men, who naturally did not take much care with their clothes. At Sotheby's last year the Ulster Museum paid £13,800 for a jacket and a pair of breeches (the waistcoat was missing) which had covered the Black Rod of Ireland around 1760. And the highest price paid for a complete costume at Christie's South Kensington was the £11,000 which in 1980 secured a suit worn by Prince Rupert for the V & A.

Paton crepe-de-chine cocktail dress

The most distinctive feature of a major clothing auction is that museums are the main buyers for the top items. There has been a boom in costume museums in recent years, and the V & A, Platt Hall outside Manchester, the Royal Scottish Museum, and the Ulster Museum have all built up fine collections, along with private exhibitions at houses like Castle Howard.

Some clothes are bought to wear, most notably the beaded dresses of the 1920's which, unlike dresses in other materials, were not altered during the bleak clothing-coupon days of the 1940s: Sotheby's has two typical beaded dresses on offer on Tuesday for around £400 each. But in the main the costumes sold at auction are not given a new lease of life—the human figure, especially the female, has changed so much since 1900 that it is virtually impossible to get into the clothes.

This market was pioneered by Christie's South Kensington and its specialist Susan Mayor. Sotheby's challenge faltered in 1980 when it closed down its Belgravia subsidiary, but it is competing keenly now, under Kerry Taylor. Its approach is rather different. It only takes lots with a minimum value of £200 and it attempts to promote them lavishly in its catalogue, with colour pictures employing professional models.

As an indication of the price appreciation in costumes two dresses which Christie's South Kensington sold for 35 guineas the pair in its first major sale in 1967 went for £400 and £500 respectively in the same rooms in 1981. A pair of men's 19th century breeches which made £25 in 1968 sold to the V & A in March for £800. At Sothebys an 18th century men's three piece suit which might have made £600 in 1980 cost at least £3,000 now.

The one area where items are still cheap in Victorian clothing. A dress of the 1880's can be bought for £100 or less mainly because its quality, colour and appearance are at odds with current fashions. Men's waistcoats, and the associate area of lace, are also reckoned to be full of potential.

But what interests the salerooms most at the moment is the fashions of the post-war period. A top quality Balenciaga suit (with label—labels add appreciably to the value) could be worth over £1,000, and the strident fashions of the sixties are ready to enter the auction rooms. This is where custumes rub shoulders with the fashion, television and movie worlds: on Tuesday Sotheby's is offering a buckskin suit worn by Alan Ladd and donated to his Madame Tussaud's waxwork. It is estimated at around £300, chicken feed compared with the $17,000 paid in New York for a dress worn by Marilyn Monroe in *The Prince and the Showgirl* and the $10,175 for Mae West's evening gown.

The recent obsession with the Edwardian era, popularised in such films as *A Room with a View* and *Out of Africa*, should boost demand for the clothing of this period.

**Antony Thorncroft**

Radio

# Honouring a treaty

THE 600-year duration of the treaty between England and Portugal, signed at our end by a monarch better-known in fiction than in fact, Richard II, is certainly worth a celebration, for its clause claiming that it should be "inviolate and shall last for ever" has proved perdurable. Radio 4 gave its weekly *It's Your World* on Sunday to Portugal's Prime Minister, Anibal Cavaco Silva, and the same evening began a three-part series presented by Robert Graham, *The Oldest Ally*.

Very intersting it was. How many of us remember that Bombay was part of Catherine of Braganza's dowry for Charles II? And when you think of Portugal's spacious colonial empire, in Africa, India and China, it is indeed remarkable that we never found ourselves in opposition. It seems now that there will be Portuguese in Macao when the British have handed Hong Kong back to the Chinese—a tribute, perhaps, to the Portuguese way of dealing with other races, which they have always treated as equals.

We are trying to make up for our faults in that line now. Radio 3 had a three-part programme last week called *The New Mahabharata* in which Professor P. Lal of Calcutta told three of the stories from that great epic, which we have all heard of but few of us know, and used them for commentary on the state of the world. His conclusions may have sounded Indian as he read them; but, give or take a change of words—"One man's honey is another man's poison" — how universal they have become.

Both Radio 3 and Radio 4 gave us features on Emily Dickinson. I was unable to hear Radio 4's *Letter to the World* on Saturday (also Wednesday); but I enjoyed Radio 3's *Invisible as Music* on Monday, in which Helen Horton read some of the poems and letters, and Peter Dickinson, deviser of the programme, played some of the simple music the poet liked on a friendly cottage piano. The charm of Emily Dickinson's quietly private, unliterary verses is hard to explain. I find them delightful, and Helen Horton's voice made exactly the right sounds.

Radio 4's Saturday and Monday plays must have swopped places. Frederick Bradnum's *The Death of Robert de Cerilley* spent too long on marrying rich nymphomaniac Marthe de Montbourg (Jenny Funnell) to poor, complaisant young Robert (Shaun Prendergast). Then all the Montbourgs (whose name was badly pronounced by half the cast) were suspected when Robert, busy spending all Marthe's money, was killed with rat-poison, but were acquitted after a farcical trial.

On Monday, Rib Davis's *Dust* showed how the unfair methods by which Ray (Bryan Marshall) secured borough cleaning contracts antagonised not only the council officers but also his girl Alison (Fleur Chandler), an ambitious American. Philip Martin was the director.

**B. A. Young**

**Solution to Chess No. 620**

1 R-R8. If 1...RxQ; 2 RxR, or if N-K5; 2 N-K2, or if P-R3; 2 QxR, or if P-B6; 2 Q-QNS, or if R-N2; 2 QxR, or if N-K7 ch; 2 N x N. Apologies to readers for the misprint in last week's diagram where the white rook appeared as a white queen.

Records

# Highland fling

**BIZET: La Jolie Fille de Perth.** June Anderson / Margarita Zimmermann / Alfredo Kraus / Gino Quilico / José Van Dam / Gabriel Bacquier / Nouvel Orchestre Philharmonique / Chorus of Radio France / Georges Prêtre. EMI EX 27 0285 3. three records in box (also on cassettes).

THE AUTHORS of the libretto of *Les Pêcheurs de perles*, guilt-stricken at the wealth of beautiful music that Bizet lavished on it, are said to have described it as "cet ours infâme." Heaven knows what zoological metaphor could do even faint justice to the Saint-Georges and Adenis text based at some considerable distance on Scott's *Fair Maid of Perth* —a palsied ostrich, perhaps.

Of characterisation, motivation and indeed dramatic logic it is almost entirely innocent, though there are some moments to give blameless pleasure, such as the promise of "un succulent pudding" ('aggis?) for the heroine's wedding feast, and the honest artisans of Perth planning a duel "sur les bords de la Tweed, à quelques pas d'ici." Some *pas*. While the most ardent admirer of Bizet might be forced to admit that the score is uneven, you would have to be stone deaf not to acknowledge that it contains long stretches of music that breathe pure genius.

In atmosphere though not form—it is through-composed —*La Jolie Fille* is traditional *opéra-comique*, if not *semiseria*, with its innocent village maiden, lecherous nobleman on the rampage, and honest but thick-skulled blacksmith hero.

Although Bizet excels in the comic passages, slyly sending up the whole genre in the first-act trio and quartet when Mab, Queen of the Gypsies, is discovered hiding in the hero's forge at the most inopportune moment, or in the superbly witty March of the Night Watch, he also catches at the heart when the heroine is falsely accused of taking part in a ducal *orgie* in the glorious third-act finale—15 minutes of pure gold.

Not everyone can take the soprano's obligatory Mad Scene, but its very simplicity is in itself touching and, as in Thomas's *Hamlet*, it is the writing immediately afterwards that both puts it in context and hits where it hurts.

The new—and first ever—recording from EMI uses the reconstruction of Bizet's score by David Lloyd-Jones: thus we get the complete March, the famous serenade in its proper form, Mab's first-act couplets, Bizet's rather than Choudens's recitatives, and the original words (the work was massacred after the composer's death). But the momentousness of the occasion, as in the case of the first recording of the original *Pêcheurs*, is seriously compromised by the conducting of Georges Prêtre. Tempos are all too often not just arguably inapt but demonstrably so, and Prêtre anyway seems incapable of sustaining them: his mannerism of a would-be expressive *ritardando* towards the end of every bar kills the exquisite soprano/tenor duo in the last act stone dead, and his general fidgetiness robs the third finale of its cumulative flow and emotional weight.

Nor is the sound quality remotely satisfying by today's standards, managing to be both fuzzy and brash at the same time, with the voices placed unflatteringly far forward, the orchestra correspondingly backward—if you cannot hear the instrumentation clearly in a Bizet recording you are in serious trouble—and the chorus absurdly distanced.

The cast was presumably chosen with the international market foremost in mind rather than an idiomatic performance of a French opera: none of the non-French soloists sings the language faultlessly. As the heroine, June Anderson impresses with her range and agility in a role written with Christine Nilsson in mind but her pale, rather brittle tone is not flattered by her placing *vis-à-vis* the microphone.

In general hers is a rather faceless interpretation. Alfredo Kraus (Smith) is as ever the elegant stylist, almost too much so given the role he is playing, with the passing of the years only fleetingly noticeable. Where are his successors?

Gino Qualico brings swaggering rascality to the *baryton Martin* role of the Duke, but top notes that should be cooed are yelled, until a melting A-flat at the end of his cavatine shows what he could have achieved in that direction with a little encouragement. Margarita Zimmermann is similarly spirited as Mab, similarly constricted at the top. Predictably, the most idiomatic performances come from José Van Dam, outstanding in Ralph's drunk song, and Gabriel Bacquier as the heroine's father.

Since another recording of *La Jolie Fille* is, to say the least, unlikely, one is forced to commend this one for the music it contains, music entirely worthy of the composer of *Carmen* (eight bars of which it pre-quotes) while noting drawbacks in interpretation.

**Rodney Milnes**

# WEEKEND FT

Terry Dodsworth looks at the shady world of insider dealing

## The Levine case

UNTIL THE glamorous world of Mr Dennis Levine came crashing down around him this week, he could easily have been mistaken for any number of bright young bankers who flourish in the fiercely competitive jungle of Wall Street.

At the age of only 33 he was a millionaire, earning a seven-figure annual salary. He had acquired a $500,000 apartment in the exclusive reaches of Park Avenue, drove a flashy $80,000 Ferrari, and had begun to spend his summers in the fashionable, rich man's hideaway of the Hamptons on Long Island.

Yet during much of the period in which Mr Levine was building up this very conspicuous wealth, he was also allegedly salting away millions in a secret Bahamas-based Swiss bank share-dealing account run exclusively to take advantage of insider knowledge gained in his day-to-day work as an investment banker.


According to the Securities and Exchange Commission, the Wall Street policing agency which this week closed an elaborate investigatory net around him. Mr Levine has concluded no less than 54 insider trades in the last five years. The SEC claims he has made at least $12.6m from these deals—including a jackpot gain of $2.7m on one deal. (Mr Levine, who has protested his innocence, is currently free on $5m bail.)

For years, he apparently kept his trail carefully hidden by making collect calls from street telephones, employing an alias of "Mr Diamond," and organising a network of Bahamian accounts and Panamanian companies to channel his trading orders. The alleged scheme seems to have been broken apart only when the SEC managed to harness the support of Mr Levine's Swiss bank.

There is no mistaking the ripple of alarm which the charges against Mr Levine have sent through Wall Street.

Another part is anxiety over what the Levine case may eventually reveal, as suggestions begin to circulate that he may well co-operate with the authorities and name other names. But more important than either of these issues are the delicate questions that the Levine case will raise about the shadowy fringes of the mergers and acquisition business, where fortunes, legitimate or otherwise, can be made on crumbs of information.

Mr Levine was an expert operator in the world of hints, half truths and ambiguity which surrounds US acquisitions. Insider information, by necessity, is an integral part of takeover operations, since the main actors in any acquisition have to be party to knowledge which is not freely available to the public.

What Mr Levine had in abundance was an uncanny ability to extract information from a wide network of contacts, many of them in the booming arbitrage business.

Some of the insider trading deals that Mr Levine is alleged to have made derived directly from the takeovers on which he had worked. But more worrying for Wall Street, more than half of his transactions related to acquisitions on which he would have been expected to have no particular knowledge at all.

The implication is that the famous Chinese walls which are supposed to insulate the dealmakers from the rest of the securities trading community are far flimsier than the investment banks and corporate lawyers like to suggest. Virtually every significant deal of the past few years has been preceded by a sharp jump in the price of the takeover target.

But the Levine case—the biggest of its type on record—is threatening to concentrate minds on the issue as never before. After a period in which may senior investment banking figures have expressed their unease about the increasingly speculative atmosphere in the securities business, the SEC's action may provide the trigger for a reappraisal of how Wall Street goes about its business.

John Griffiths on the crisis in car rallying

## A brake on Supercars

Ford's RS200, built to be a champion

THE END of the road is looming, with unexpected rapidity, for the motor rallying "supercars" on which Ford, Austin Rover, Peugeot, Lancia and other manufacturers between them have spent tens of millions of pounds to develop during past years.

The frighteningly fast cars, with up to 500 brake horsepower, four wheel drive and the ability to rocket to 100 mph in seven or eight seconds even on a gravel track, are to be banned from the start of next year as the result of fatal accidents.

The decision, announced by FISA, the Paris-based world governing body of motor sport, will have far-reaching effects both on the world rally championship as a sport and, commercially, on the car makers.

Ford, now needs to find buyers for the minimum 200 roadgoing RS2000 models it, like all the other manufacturers, was obliged to build in order to quality the car for the world championship, a rule which pays half-hearted lip service to the belief that even world championship rally cars should be based on models theoretically available from a showroom.

Each RS2000 costs nearly £50,000. Ford could have expected to sell them either to private competitors or for road use by rich people who might see owning a championship replica as offering even more in terms of exclusive "one-upmanship" than a similarly-priced Ferrari.

With the RS2000, like Austin Rover's Metro 6R4 and Lancia's championship leading Delta, now facing early redundancy its appeal to would-be buyers is likely to be much reduced.

In some ways, Ford is better off than some of the other manufacturers. The RS2000 can at least be used as a relatively civilised road car. Austin Rover, however, built all its Metro "supercars" as strictly competition machines for sale to private teams.

The blow is still heavy for Ford—as the company has not even had the promotional spin-off of one full season of competition with which to offset the RS2000's development costs.

Yet Stuart Turner, Ford's motor sports director, and most of the other team managers around the world are not really complaining. For the industry and motor sport world was left appalled by the severity of the fiery accident on last month's Corsican rally which left potential world champion Henri Toivenen and his co-driver Sergio Cresto dead, and their Lancia Delta SP4 rally car (both turbocharged and supercharged) an unrecognisable burned-out wreck.

The fatal accident in Corsica, however, was not the sole trigger for the ban. A short time earlier, during Portugal's world championship rally round, a woman and two small children were killed and several more spectators injured when a rally car left the road.

It was the long-feared accident which everyone involved in world-class rallying knew was inevitable given the speed of the latest cars, but which no-one had really cared to think about.

Toivenen's accident was simply the clincher "It really shook everyone," says Mr Turner. Within 24 hours of the crash, FISA had polled its committee members by telex. The ban on the "supercars," classified as Group B machines, would take effect at the end of this year. A similar category of machines intended to supersede Group B, Group S, has also been banned.

At best, as a sop to the manufacturers, some kind of closed-circuit competition use might be found for the redundant machines.

FISA intends instead that next year's world rally championship will be for cars produced by their manufacturers in volumes of at least 5,000 units, a truly fundamental change. It should mean that rallying will revert to vehicles based strongly on family cars available in the showroom. "And that," says Mr Turner, "really is a good thing for the long-term future of the sport.

"At the moment you have rallies in which you have just a handful of super-fast cars, with everyone else tagging along miles behind. The switch to 5,000-minimum cars would be a great leveller."

But not everyone is pleased. Jean Todt, director of motor-sport for Peugeot Talbot, which won the world rally championship last year, says there should be a cooling-off period before any irrevocable decisions are taken on next year's championship.

He believes that making the cars slower will not necessarily make them any safer.

FISA, however, shows no sign of allowing second thoughts. As a result, manufacturers who want to pursue next year's championship trail are raking through their model catalogues to see what might be turned into winners . . .

Gower and his England deputy, Mike Gatting

## The trials of David Gower

Should there be a cricket supremo? Trevor Bailey assesses the pros and the cons

AS I forecast six weeks ago in the Caribbean our selectors have appointed David Gower as captain for only the two one-day internationals and the Lord's Test.

So the reality is that after leading his country in 26 Tests, Gower is still on trial as captain, and the familiar cries of protest about the bungling by cricket's establishment are heard in the land.

"Abolish the MCC," is the cry. But England's cricket establishment is not just the MCC, but a Holy Trinity. Test and County Cricket Board consists of representatives from the 17 first-class counties, the MCC, minor counties, Oxford and Cambridge and the Irish and Scottish Cricket Unions. It was set up in 1968 and is responsible for Test matches, official tours and first-class and minor county competitions.

There is an understandable tendency to confuse the TCCB with the two other members of the trinity, the MCC, a private club owning Lord's and looking after the laws of cricket, and the NCA representing the interests of cricket below the first-class game.

This week's decision was made by the Test and County Cricket Board and like so many committees they have compromised and put off making the big decision. The one certainty is that after what amounts to an unfair and pointless three-match trial Gower, whether England win or draw, will certainly be no better or worse a captain.

The predictable uncertainty shown by selectors Peter May, Alan Smith, Phil Sharpe and Freddie Titmus, is presumably shared by the TCCB committee, which includes Raman Subba Row, chairman, and Doug Insole, chairman of the tours committee. Quite rightly they all want higher standards both on and off the field. Would this be easier to achieve if a full-time professional manager, like Bobby Robson in football, was put in charge of our national cricket team?

The manager theory does have its attractions. It is almost certain that if Ray Illingworth, Mike Brearley or Brian Close had selected and supervised our team in the West Indies we would still have been beaten, but not humiliated. And a manager would benefit from complete control as it is easier making a decision as an individual. He would have the advantage of continuity, too.

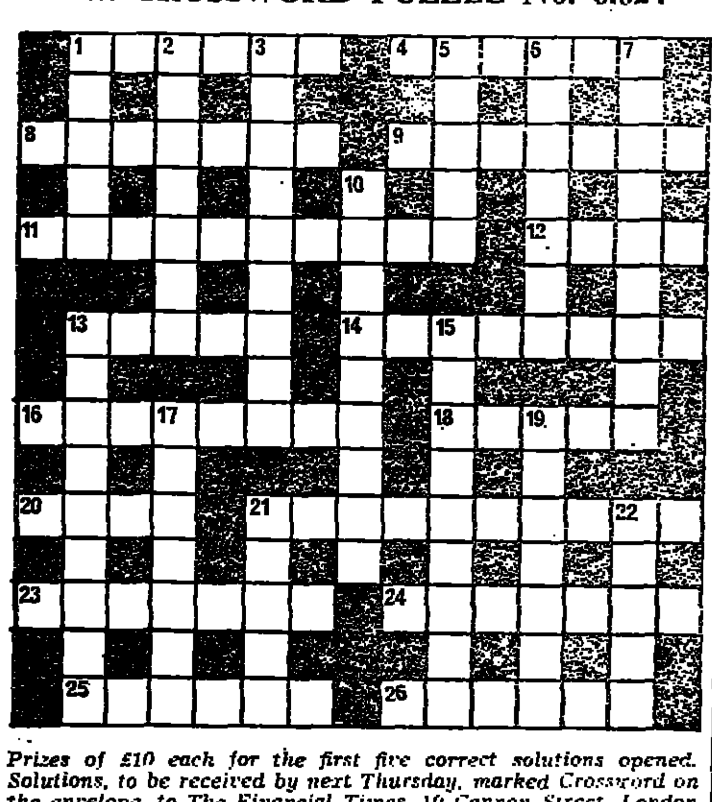
A superficial glance suggests that a cricket supremo would provide an improved alternative to the game's essentially amateur approach to a professional sport. People point to the success of the great soccer managers, but they ignore the different roles of the captains in the two games.

A soccer captain leads his side on to the field, tosses the coin, gives some vocal encouragement and abuse during 90 minutes and inspires by personal performance. But the cricket captain has a considerable say in the composition of his side and decides both the tactics and how the game is played. His job is similar to that of a player-manager, but more complicated and demanding.

So an able cricket captain should not require and certainly would not want a football-style manager, which is why cricket managers appointed by the counties have achieved little. Brian Close when leading Yorkshire, or Mike Brearley at Middlesex would have resented one in their dressing-room.

I do not think a cricket supremo is necessary, but I would strongly urge that two of the four selectors were former internationals and still playing county cricket. Geoff Boycott must know from first-hand experience considerably more about the ability of England bowlers than any of our present selectors, and this would also apply to Denis Amiss and Keith Fletcher, while Pat Pocock and Mike Hendrick should be able to judge batting ability.

## F.T. CROSSWORD PUZZLE No. 6,024



*Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.*

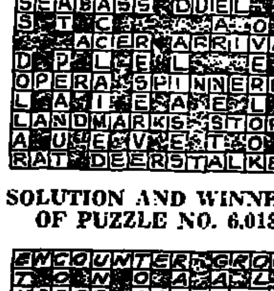
**ACROSS**

1 Not just having fun, messed about with the tune (6)
4 About a quarter go away and laugh uncontrollably (6)
8 Key to enter firm if new diaphragm is required (7)
9 The eccentric peer's taken the silver as a warning (7)
11 Depressed, McLean turns pious (10)
12 On the way back, for example, it flies (4)
13 He washes for half an hour in a desperate bid (5)
14 Trainee goes to see nice new man in charge of pub (8)
16 A cad on an unusual hunt for snake (8)
18 Weird beer—it hasn't got a head, that is! (5)
20 Back at The Cross, one finds some transport (4)
21 Number on bill for bed (10)
23 Charge a sovereign when inserting two keys on piano (7)
24 Speak about a strange love of sausage! (7)
25 Set about getting married when drunk! (6)
26 Make rough drawing of music centre on boat (6)

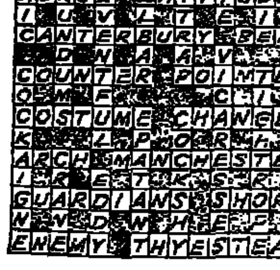
**DOWN**

1 Union leader has money raised by Eastern ally (5)
2 Scruffy rag for holding a jumbled mixture (7)
3 National Insurance returns, once fit again, show cause of illness (9)
5 Despicable fellow, taking the railway food (5)
6 A sort of sea-bird from the Orient (7)
7 The angel made an improvement to Mary (9)
10 Pass union member of the same department (9)
13 Brownish-grey grease all over the overalls (9)
15 Inexpensive tar base (9)
17 A lame person on the first coach gets a little wave (7)
19 Creeps round, getting the first prize (7)
21 Cross swords with a crooked dealer (5)
22 Poe, writing about the church era (5)

**Solution to Puzzle No. 6,023**



**SOLUTION AND WINNERS OF PUZZLE NO. 6,018**



Mr Max Barker, Gerrards Cross, Bucks.
Mr M. R. Green, Hythe, Kent.
Mr N. G. Hanson, Abbotsbury, Dorset.
Mr M. H. A. Pendlebury, London, SW20.
Mr J. G. Tracy, Altrincham, Cheshire.

## TELEVISION AND RADIO

### SATURDAY

† Indicates programme in black and white

**BBC 1**
8.30 am The Saturday Picture Show. 10 55-5.05 pm Grandstand featuring: 1.20 News: Cricket (The Benson and Hedges Cup zonal match); Boxing; Racing from Newbury; Football Focus at 4.30 and at 4.55 Final Score. 5.05 News 5.15 Regional programmes. 5.20 The Dukes of Hazzard. 6.10 The Keith Harris Show. 6.45 Every Second Counts. 7.20 Sorry!
7.50 Film "Killing at Hell's Gate" starring Robert Urich, Deborah Raffin and Paul Burke. 9.20 Cagney and Lacey. 10.10 News and Sport. 10.25 Summer of 66. 11.00 Film: "A Guide for the Married Man" starring Walter Matthau, Robert Morse, Lucille Ball, Jack Benny and Sid Caesar.

**BBC 2**
†1.55 pm Film: "So Ends Our Night" starring Fredric March, Glenn Ford, Margaret Sullivan and Erich Von Stroheim. 3.50 Laramie. 4.40 Cricket. Peter West introduces one of today's zonal matches in the Benson and Hedges Cup. 7.10 Newsview. 7.50 Around with Alliss. 8.30 SL-1: A New Way to Die. 9.50 Cricket (highlights). †10.25-1.05 am Film: "Anatomy of a Murder" starring James Stewart, Ben Gazarra and Lee Remick.

**LONDON**
6 55 am TV-am Breakfast Programme. 9 25 Get Fresh! 11.30 Terrahawks. 12.00 News. 12.05 pm Saint and Greavsie's World Cup. 12.30 Wrestling. 1.20 "The Quester Tapes" starring Robert Foxworth. 3.00 Rugby from Cardiff. 5.00 News 5.05 Benson.
5.35 Robin of Sherwood. 6.30 Child's Play. 7.00 Cannon and Ball. 7.30 The Price is Right. 8.30 Tarby and Friends. 3.15 CATS Eyes 10.15 News and Sport. 10.30 The Late Clive James. 11.00 LWT News Headlines followed by International Football Special—England v Mexico from the Los Angeles Coliseum. 1.00 am Special Squad. 1.50 Night Thoughts.

**CHANNEL 4**
1.05 pm Eco. 1.30 Birds of Britain. 2.00 "Wabash Avenue" starring Betty Grable, Victor Mature and Phil Harris. †3.45 "In Society" starring Bud Abbott and Lou Costello. 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 News Summary, followed by Credo. 7.30 Africa.
8.30 Held in Trust. 9.00 Mapp and Lucia. 10.00 Hill Street Blues. 10.55 "The Killing of Sister George" starring Beryl Reid and Susannah York.

**S4C WALES**
1.55 pm Chanel and Her World. 3.05 Feature Film: "In the Good Old Summertime" starring Judy Garland, Van Johnson and Spring Byington. 5.00 Worldwise Reports. 5.30 Paths of the Rain God. 6.30 Club Myv. 7.00 Mother and Son. 7.35 Newyddion. 7.45 Pwy sy'n perthyn? 8.15 Noson lawen. 9.15 Cynhadledd '86. 9.25 The Cosby Show. 9.55 Sinfonietta. †10.40 Feature Film: "Freud: the Secret Passion (Montgomery Clift stars).

IBA Regions as London except at the following times:

**ANGLIA**
5.05 pm Connections. 10.30 Alfred Hitchcock Presents. 1.00 am At The End of the Day.

**BORDER**
5.05 pm Off the Rack. 10.30 Alfred Hitchcock Presents.

Victor Mature in Wabash Avenue. C4, 2.00

**CENTRAL**
5.05 pm Mr and Mrs. 10.30 Alfred Hitchcock Presents. 1.00 am Closedown followed by Central Jobfinder (60-minute programme with the latest job vacancies plus advice for the unemployed in the Central area).

**CHANNEL**
11.59 am Today's Weather. 3.00 pm Daris, 6.05 Connections. 10.30 Alfred Hitchcock Presents. 1.00 am The New Squadronaires.

**GRAMPIAN**
5.05 pm Connections. 10.30 Feature Film: "Invasion of the Body Snatchers" starring Donald Sutherland, Brook Adams and Leonard Nimmoy. 12.20 am Cricket Results, followed by Reflections.

**GRANADA**
5.05 pm Knight Rider. 6.00 Robin of Sherwood. 10.30 Alfred Hitchcock Presents. 1.00 am Tales from the Darkside.

**HTV**
11.58 am HTV News. 5.05 pm Off the Rack. 10.30 Alfred Hitchcok Presents.

**SCOTTISH**
5.05 pm Connections. 10.30 Alfred Hitchcok Presents. 11.00 Late Call. 11.05 Hammer House of Mystery and Suspense.

**TSW**
11.30 am Gus Honeybun's Magic Birthdays. 11.32 Terrahawks. 11.57 TSW News. 5.05 pm TSW News. 5.07 Blockbusters. 9.15 Miss TSW 1986. 10.30 Alfred Hitchcock Presents. 1.00 am Postscript.

**TVS**
11.57 am TVS Weather. 5.06 pm Connections. 10.30 Alfred Hitchcock Presents. 1.00 am The New Squadronaires. 1.30 Company.

**TYNE TEES**
5.05 pm Diff'rent Strokes. 10.30 Alfred Hitchcock Presents. 1.00 am Poetry of the People.

**ULSTER**
11.58 am Lunchtime. 5.08 pm Ulster News. 10.27 Ulster News. 10.30 Alfred Hitchcock Presents. 12.45 am Sports Results. 12.50 News at Bedtime.

**YORKSHIRE**
5.05 pm Benson. 10.30 Alfred Hitchcock Presents.

**BBC RADIO 2**
(S) Stereo on VHF
8.05 am David Jacobs (S). 10.00 Sounds of the 60s (S). 11.00 Album Time (S). 1.00 pm The News Huddlines. 1.30 Sport On 2 including Cricket: Golf (The Spanish Open); Racing (The Irish 2,000 Guineas at the Curragh): plus news of the Italian Motor Cycling Grand Prix in Monza, the Italian Tennis Championships in Rome and Rugby Union—Sports Aid Sevens. 6.00 Ken Bruce presents Two's Best. 7.00 Pop Score. 7.30 From Jersey with Love (S). 9.30 String Sound (S). 10.05 Martin Kelner (S). 12.05 am Night Owls with Dave Gelly (S). 1.00 Nick Page presents Nightride (S). 3.00-4.00 am A Little Night Music (S).

**BBC RADIO 3**
7.00 am News. 7.05 Aubade, records (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.10 Los Angeles Philharmonic Orchestra, part 1 (S). 12.10 pm This Sporting Life. 12.15 Los Angeles PO, part 2 (S). 1.00 News. 1.05 Cecile Ousset, piano recital (S). 2.00 Trio Sonnerie (S). 2.45 Capricorn (S). 3.30 Elly Ameling (soprano) sings songs by Schubert (S). (4.10-4.15 Interval Reading). 5.00 Jazz Record Requests (S). 5.45 Critics' Forum. 6.35 Organs in Norway (S). 7.00 A Reflection of the Nation: The British Library. 7.45 Philharmonia Orchestra, conducted by Simon Rattle with Peter Donohoe (piano) (live relay), part 1: Debussy, Messiaen (S). 8.30 The Turkish Letters of Ogier Ghiselin De Busbecq. 8.50 Philharmonia part 2: Boulez, Ravel (S). 9.35 Changes. 9.45 Haydn String Quartets (S). 10.30 Daddy Time and Uncle Sam (S). 11.00 Continental Cabaret Chansons (S). 11.30 Songs Without Words (S). 11.57-12.00 News.

**BBC RADIO 4**
7.00 am News: 7.10 Today's Papers. 7.15 On Your Farm. 7.45 In Perspective. 7.50 Down to Earth. 7.55 Weather; Travel. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather; Travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster with Peter Kellner, Political Editor of the New Statesman. 10.30 Loose Ends. 11.30 From Our Own Correspondent. 12.00 News; Money Box. 12.27 pm Questions of Taste (S). 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News; The Afternoon Play (S). 3.10 The Last Witch. 3.30 News; Travel; International Assignment. 4.00 The Saturday Feature: The Wolf Years.
4.45 The Fosdyke Saga II. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping Forecast. 5.55 Weather; Travel. 6.00 News; Sports Round-up. 6.25 Stock the Week with Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller! "Shadow of a Doubt" by June Thomson. 9.58 Weather. 10.00 News. 10.15 Evening Service (S). 10.30 Soundings. 11.00 Science Now. 11.30 The Cabaret Upstairs (S). 12.00-12.15 am News.

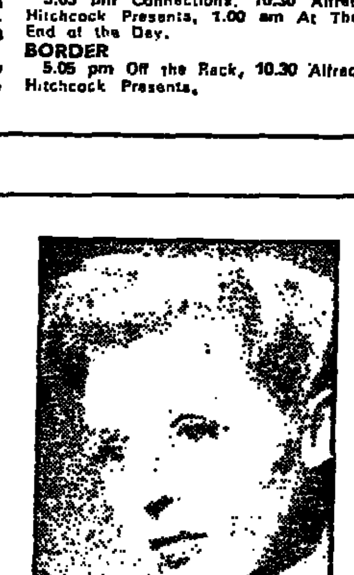
### SUNDAY

† Indicates programme in black and white

**BBC 1**
8.55 am Play School. 9.15 Asian Magazine. 9.45 France Actuelle. 10.10 Micro File. 10.35 Switch on to English. 11.00 Sunday Worship. 12.00 Great Gardens. 12.10 pm Family History. 12.35 Farming. 12.58 Weather News for Farmers. 1.00 This Week Next Week. 2 00 EastEnders.
3 00 Mexico 1986. 3.10 Bonanza. 3 55 Bugs Bunny. 4.00 Film: "Kings Go Forth," starring Frank Sinatra, Natalie Wood and Tony Curtis. 5.50 Antiques Roadshow. 6 30 News. 6.40 Songs of Praise for Whitsun from Canterbury Cathedral. 7.15 Hancock's Half Hour. 7.40 Miss Marple: The Moving Finger. 8 30 Mastermind. 9.00 News. 9.15 That's Life. 10.00 Heart of the Matter. 10.35 Geoffrey Smith's World of Flowers. 11 00 Summer of 66. 11.35 Brazil, Brazil.

**BBC 2**
1.55 Sunday Grandstand including Rugby League, Cricket and Football. 6.40 The Money Programme 7.15 Nature. 7.45 The World About Us. 8.35 Close Harmony. 9 25 Growing for Gold. 10.00-11.50 Film: "Ode to Billy Joe" starring Robby Benson and Glynnis O'Connor.

**LONDON**
6.55 am TV-am Breakfast Programme. 9 25 Wake Up London. 9.35 Woody and Friends. 9.45 Roger Ramjet. 10.00 Morning Worship. 11.00 Getting On. 11 30 Once A Thief . . . 12.00 Weekend World. 1.00 pm Police 5. 1.15 The Smurfs 1.30 Small Wonder. 2.00 Platform. 2.30 LWT News Headlines, followed by "Fort Worth," starring Randolph Scott, David Brian and Phyllis Thaxter.
4.00 The Prince and Princess of Wales—Across the Pacific. 4.30 The Campbells. 5.00 Albion Market. 6.00 Now You See It. 6.30 News. 6.40 Appeal on behalf of Centrepoint Soho. 6.45 Highway. 7.15 Catchphrase. 7.45 Murder, Mystery, Suspense: "Earthquake" starring Charlton Heston, Ava Gardner and George Kennedy. 9.45 News. 10.00 Love and Marriage 11.00 LWT News Headlines followed by Encounter. 11.30 Trapper John. 12.20 am Night Thoughts.



Lilli Palmer in The Gentle Sex. C4, 10.30

**CHANNEL 4**
1.10 pm Irish Angle presents Patterns. 1.35 The Making of Britain. 2.00 The Pocket Money Programme. †2.30 "Always Leave Them Laughing," starring Milton Berle. 4.45 Durrell in Russia. 5.15 News Summary followed by The Business Programme. 6.00 Second Glance. 6.15 Same Game—Different Rules.
7.15 Reclaiming the Earth. 8.15 Sinfonietta. 9.00 The Return of Ruben Blades. †10.30 "The Gentle Sex," with Joan Greenwood, Joyce Howard, Rosamund John, Lilli Palmer, plus John Justin and Jimmy Hanley. †12.15 am "Seeds of Destiny."

**S4C WALES**
1.55 pm Gardeners' Calendar. 2.25 Gallery. 2.55 Pel-Droed Cwpan Cymru. 4 45 Arwyddion Ffyrdd. 5.15 The Business Programme. 6.00 Second Glance. 6.20 Same Game—Different Rules 7.15 Dan Deg. 7.20 Newyddion.
7.30 Cais am Gan 8.00 Yr Ehfeddiaeth Wyllt. 8.30 Gwasanaeth Neges Ewyllys da Ieuenctid Cymru 1986. 9.10 Almanac. 9.45 Plu Chwithig. †10.15 Feature Film: "Twelve O'clock High" (Gregory Peck stars).

IBA Regions as London except at the following times:

**ANGLIA**
9.30 am At Home with Bill Alley. 1.00 pm The Beverly Hillbillies. 1.25 Weather Trends. 1.30 Farming Diary. 2 30 Sunday Cinema, "High Society" 4.30 The Prince and Princess of Wales—Across the Pacific. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 11 30 The New Avengers. 12.30 am When God the Spirit Came.

**BORDER**
9.25 am Gardening Time. 9.55 Border Diary. 1.00 pm A Woman's Place. 1.30 Farming Outlook 2.30 The Love Boat. 4.30 The Prince and Princess of Wales—Across the Pacific 5 00 The Campbells. 5.30 Look Who's Talking. 6.00 Albion Market. 11.30 Conference Report '86 (Scottish Conservatives).

**CENTRAL**
9.25 am Wattoo, Wattoo. 9.30 Jayce and the Wheeled Warriors. 1 00 pm Gardening Time 1.30 The Prince and Princess of Wales—Across the Pacific. 12.30 The Weekend Matinee: "The League of Gentlemen," starring Jack Hawkins and Richard Attenborough. 4.30 The Fall Guy. 5.30 The Campbells. 6.00 Albion Market. 11.30 War. 12.30 am Closedown, followed by Central Jobfinder.

**CHANNEL**
9.25 am Today's Weather. 9.26 Starting Point. 9.30 Les Français Chez Vous. 1.00 pm That's Gardening. 1.30 Farm Focus. 2.30 The Sunday Matinee: "The Beachcomber." 3.55 The Prince and Princess of Wales—Across the Pacific. 4.25 Puffin's Pla(i)ce. 11.30 Man in a Suitcase.

**GRAMPIAN**
9.25 am Max, the 200 Year Old Mouse. 9.35 Sesame Street 10.30 Fireball XL5 1.00 pm Farming Outlook. 1.30 The Prince and Princess of Wales—Across the Pacific. 2.30 Shinty (Weatherseal League Final). 2.55 Scottish Junior Cup Final. 5.00 The Campbells. 5.30 Now You See It. 6 00 Albion Market. 11.30 Conference Report '86—Scottish Conservatives. 12.30 am Reflections

**GRANADA**
9.25 am Max the 2000-Year-Old Mouse. 9.35 California Highways. 11.00 Once A Thief . . . ? 11.25 Asp Kaa Hak. 11.30 A Woman's Place. 1.00 pm Encounter. 1.30 Cartoon (Porky Pig). 1.35 The Love Boat. 3.00 Sunday Matinee: "Tumbleweed," starring Audie Murphy. 4.30 Platform. 5.00 The Campbells. 5.30 The Prince and Princess of Wales—Across the Pacific. 6.00 Albion Market. 11.00 The Late Movie. "The Patricia Neal Story," starring Glenda Jackson and Dirk Bogarde.

**HTV**
9.25 am Max the 2000-Year-Old Mouse. 19.35 Fireball XL5. 1.00 pm Gardening Time. 1.30 West Country Farming, followed by Weather for Farmers. 2.30 The Sunday Matinee: "Houseboat." 4.30 The Prince and Princess of Wales—Across the Pacific. 5.00 The Campbells. 5.30 Now You See It. 6.00 Albion Market. 6.36 HTV News. 11.30 The New Avengers.
HTV Wales—As HTV West except: 1.00-1.30 pm Pont. 11.30-12.30 am International Rugby (The WDA/British Airways Rugby Sevens).

**SCOTTISH**
9.25 am Foo Foo. 9.30 Farming Outlook. 10.00 Sesame Street. 1.00 pm The Glen Michael Cavalcade. 1.30 The Prince and Princess of Wales—Across The Pacific. 2.30 Shinty. 2.55 Scottish Junior Cup Final. 5.00 The Campbells. 5.30 Diff'rent Strokes. 6.00 Albion Market. 11.30 The Sweeney. 12.30 am Late Call.

**TSW**
9.25 am Getting On, followed by Getting On . . . Plus. 11.00 Once A Thief . . . ? 11.25 am Look and See. 11.30 The South West Week. 1.00 am Gardens for All. 1.30 Farming News. 2.30 The Sunday Matinee: "High Risk" (TV movie). 3.57 Gus Honeybun's Magic Birthdays. 4.00 SWALK. 4.30 The Prince and Princess of Wales—Across the Pacific. 5.00 The Campbells. 5.30 Now You See It 6.00 Albion Market 11.30 The South West Week. 12.00 Postscript Postbag.

**TVS**
9.25 am Action Line. 9.35 Cartoon Compilation. 1.00 pm Agenda 1.30 Farm Focus. 2.30 The Sunday Matinee: "The Beachcomber" starring Glynis Johns and Robert Newton. 3.55 The Prince and Princess of Wales—Across the Pacific. 4.25 TVS News. 11.30 Man in a Suitcase. 12.30 am Company.

**TYNE TEES**
9.25 am Morning Glory. 9.35 Gather Your Dreams. 11.25 Sunday Lookaround. 1.00 pm Farming Outlook. 1.30 Look Who's Talking (Leslie Crowther). 2.30 Sunday Matinee: "Butch and Sundance: The Early Days." 5.00 Short Story Theatre. 5.30 The Prince and Princess of Wales — Across the Pacific. 6.00 Albion Market. 11.30 Fifty-Fifty. 12.30 am Epilogue.

**YORKSHIRE**
9.25 am Getting On. 11.00 Once a Thief . . . ? 11.30 Farming Diary. 1.00 pm Man in a Suitcase. 2.30 Sunday Cinema: "The Glory Guys," starring James Caan, Senta Berger, Tom Tryon and Andrew Duggan. 4.30 The Prince and Princess of Wales — Across the Pacific 5.00 The Campbells. 5.30 Mr and Mrs. 6.00 Albion Market. 11.30 Sammy Davis in Paris. 12.30 am Five Minutes.

**BBC RADIO 2**
(S) Stereo on VHF
7.30 am Roger Royle says Good Morning Sunday (S). 9.05 Melodies For You (S). 11.00 Desmond Carrington with your Radio 2 All-Time Greats (S). 2.00 pm Stuart Hall's Sunday Sport (Medium Wave only). 2.00 Benny Green (S). 3.00 Alan Dell with Sounds Easy (S). 4.00 Jazz Classics in Stereo—20. One Foot in the Groove: Big Bands 1936-45. 4.30 Sing Something Simple (S). 5.00 As Radio 1. 6.30 Charlie Chester with your Sunday Soapbox. 7.35 Rhyme and Reason. 8.00 Just William. 8.30 Sunday Half-hour. 9.00 Your Hundred Best Tunes introduced by Alan Keith. 10.05 Songs from the Shows. 10.30 Jazz Score. 11.00 Sounds of Jazz with Peter Clayton (stereo from midnight). 1.00 am Nick Page presents Nightride (S). 3.00-4.00 A Little Night Music (S).

**BBC RADIO 3**
7.00 am News. 7.05 Franck and his circle (S). 8.00 David Munrow directing the Early Music Consort of London (S). 9.00 News. 9.05 Your Concert Choice (S). 10.30 Music Weekly (S). 11.15 Arts Notes and David Johns (S). 12.15 pm BBC Symphony Orchestra in Lausanne (S) (1.25 Interval Reading). 2.00 Dohnanyi (S). 2.30 "Manon," opera by Massenet sung in French in a Bavarian Radio recording (S). 5.15 New Premises (Stephen Games' arts magazine). 6.00 Gregor Piatigorsky (cello) in chamber music by Mozart, Beethoven and Brahms (S) (6.55-7.00 Interval Reading). 7.40 Fiesole. 8.00 Brighton Festival 1986—BBC Symphony Orchestra conducted by Marek Janowski (live relay), part 1: Janacek (Sinfonietta) (S). 8.25 The Turkish Letters of Ogier Ghiselin De Busbecq, Hungarian Ambassador at the Court of Suleiman the Magnificent (part 2). 8.45 Brighton Festival, part 2: Mahler's Das Lied von der Erde (S). 10.00 The Quality of a Cabinet Government. Peter Hennessy talks to the Rt Hon Peter Shore, MP. 10.30 Ircam in London. 11.40 Jorge Bolet plays four Chopin waltzes arranged by Godowsky (S). 11.57-12.00 News.

**BBC RADIO 4**
8.00 am News. 8.10 Sunday Papers. 8.15 Sunday. 8.50 Timothy West talks, for the Week's Good Cause, about the Alone in London Service 8.55 Weather; Travel. 9.00 News. 9.10 Sunday Papers. 9.15 Letter from America by Alistair Cooke. 9.30 Morning Service from St Michael's Abbey, Belmont, Hereford. 10.15 The Archers (Omnibus edition). 11.15 Pick of the Week (S). 12.10 pm It's Your World: (Phone-in to Eugenia Charles, Prime Minister of Dominica). 12.55 Weather. 1.00 The World This Weekend. 1.55 Shipping Forecast. 2.00 News: Gardeners' Question Time. 2.30 The Afternoon Play: "The Browning Version," by Terence Rattigan (S). 3.30 Enterprise. 4.00 News: The Food Programme. 4.30 The Natural History Programme 5.00 News. 5.05 Indian Tales of the Raj. 5.35 Joyous Days in the Desert. 5.50 Shipping Forecast. 5.55 Weather. 6 00 News. 6.15 Weekend Woman's Hour 7.00 No Highway (Nevil Shute's novel dramatised in three parts). 8.00 Bookshelf. 8.30 The Monarchy in Britain 9.00 News: The Oldest Ally 9.30 Six Men. 9.55 Weather; Travel. 10.00 News. 10.15 Nato, a Time for Change. 11.00 Seeds of Faith (S). 11.15 In Committee. 12.00-12.15 am News.